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A design for a refined business center in a restricted residential area.



The Destiny of the American City



By

JOHN FREDERICK HESSEL

Author of

Municipal Problems, Mother of Mine, Etc.

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PREFACE

A portion of this manuscript was written several years ago, during a period of inflamed public opinion and social unrest, fraught with many misgivings and uncertainties.

The period in question, was one most prolific in various and numerous remedies offered for the purpose of stimulating the building industry, each one a guaranteed specific for every economic ill.

The object in offering it, at this time, is more for the purpose of giving some idea of the psychology of a period, filled with many economic problems, that had to be solved under conditions, new, varied and untried.

The position taken at that time was far from being the most popular one, for the reason it offered very little encouragement for the builder to build, until some of the abuses with which the building industry was surrounded, were corrected.

Artificially stimulating building under existing conditions, it was contended, would in the end, entail another period of stagnation to correct abuses, resulting in further delay in stabilizing cost of material and labor, the primary cause of stagnation in the building industry—a

period for corrective measures, rather than one for artificial stimulation.

Emerging as we are into the opening and light of a better day, freed from many of the fallacies of the past, with its revelry of wild money-making, its lurid and lavish expenditure, the artificial extravagance and inflations of the war, it is hoped that the return to the fundamental principles and essential things of life, the only true basis of prosperity, will be sure and lasting.

J. F. HESSEL.

FOREWORD

I

**“The index to the wealth, character and growth
of a city are its buildings;
The great structures, imposing edifices and
artistic dwellings,
That attract the eye of the stranger, as he steps
within its portals.
These reflect not only upon the character of the
city,
But the character of its citizens as well.
They are manifestations of the old pioneer
spirit
That converted our wet black prairies
Into the best farms in the world.**

II

**The pioneer of today, in building the super-
structure,
The modern American city, upon the foundation
laid by the pioneer of yesterday,
Is merely the next step forward in the evolution
of time.
We are wont to believe the work of the pioneer
has been completed.
We associate in our minds with him, the hard-
ships, the disappointments and the sacrifices
Of the days gone by, and sometimes we fail to
realize**

That each decade, or at least each epoch
Must have the pioneer, just as truly as did in the
early days of our prairies.

III

The sturdy men and women of that day per-
formed their work well.
They transformed the wet black prairies into
the best farms in the world;
They built our villages and our towns;
They erected school houses and places of wor-
ship according to their means.
We, today, enjoy the fruits of their labors.
On their foundation we must continue to build.
The work is no longer that of building a village
or a town;
Our work is to build a city.

IV

We visit cities older than ours by a century,
And marvel at their richness and their beauty.
We compare them with our own and wish that
ours were the same.
We forget to take into consideration the ele-
ment of time.
With the proper vision to guide us on, and the
determination to do,
What can not be accomplished as the years
go by?
Truly, the work of the city pioneer is before us.
—*Municipal Problems, 1919.*

DEDICATED

TO

THE DESTINY OF THE AMERICAN CITY

I

Have cities, like individuals, a destiny?
Or are they merely victims of chance, oppor-
tunism and environment?
Does the Hand of Destiny guide a city along a
certain arbitrary path of progress?
Or is it like a shooting star,
A nomad in the sky?

II

Napoleon, at the Battle of Friedland,
When a cannon ball came over their heads,
Just over the bayonets of the troops,
Smilingly made the remark when a soldier
instinctively dodged:
"My friend, if this ball was destined for you,
though you were to burrow a hundred feet
under the ground, it would be sure to find
you there."

III

Is it true as Napoleon intimated,
That all incidents of life are controlled by
Destiny,

Surrounded by its immutable laws beyond individual control,
Leaving individual effort forward or back,
fruitless for good or for evil?

IV

Or is not every individual endowed with the latent power
Of carving out a positive rather than a negative destiny,
If he should so decree?
The little things of life, trivial and unimportant
as they appear
At the time, may, in the end, prove to be
The all important factors of failure or success.

RECONSTRUCTION

When the harbinger of peace first made its appearance through the dark clouds of war, the whole world, spontaneously, began preparations to solve the new economic problems with which it would be confronted upon the cessation of hostility, and the slogan everywhere was, "Prepare for peace after the war."

Statesmen went here and there throughout the land proclaiming the necessity of making these preparations, so that our economic loss in the adjustment from a war to a peace footing would be reduced to a minimum.


In doing this, it was necessary that the bigger problems, the far reaching problems, those most important and essential in our progress as a nation, should be given immediate consideration, and it therefore became the duty of the statesman, both in his official and private capacity, to initiate and advance this idea throughout the land, at the same time, he, who volunteered to solve these problems and overlooked the fact that reconstruction should also commence with the unit, the municipality, the township and the county, failed in the fulfillment of his mission, indicating that he had not only forgotten the adage, "Look after the pen-

nies and the dollars will take care of themselves," but its application as well.

Leaders of progressive cities, everywhere, have been taking an inventory of their natural advantages and serious handicaps which constitutes their assets and liabilities, recognizing the fact that exploiting the former and overcoming the latter, is an imperative duty, to be assiduously followed during the reconstruction period in which we are now just entering.

In view of what other cities are doing, we naturally turn to our own. Our inventory has been taken; we know what we have and what we lack, and what this inventory discloses should be openly discussed, dispassionately, without bias or prejudice; not in the light of any special advantage that might accrue to the individual, but in the light of what is best for the city and the wishes of the people.

—*Municipal Problems, 1919.*



America changes so fast that every few years a new crop of books is needed to describe the new face which things have put on, the new problems that have appeared, the new ideas germinating among the people, the new and unexpected development for evil as well as for good of which her established institutions have been found capable.

—Bryce.



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I
THE FUTURE BUILDERS OF THE
AMERICAN CITY

There is no use deluding ourselves, with the fear that in discussing all the various angles of the building problems, it will temporarily retard or discourage building construction.

The first thing for all of us to do is to find the cause, the reason why the builder refuses to build and analyze the conditions so far as we are able. No one can force capital into an industry in contravention of all economic laws, no more than you can force water up hill in contravention of all natural laws.

We want the flow of capital into the building industry, free, steady and unhampered. We should approach a condition, so far as we are able, that will get all three forces co-operating, not reluctantly and unnaturally, but freely and normally. This cannot be done by covering up the facts, however unpleasant they may be, for by so doing, the days of stabilization are pushed still further away and the loss and damage becomes still more irreparable. Let us, therefore, face the situation just as it is and not only prick the surface of public approval, but go deeper into the core for a proper remedy.

—*Municipal Problems, 1919.*

THE FUTURE BUILDERS OF THE AMERICAN CITY

The question now being asked by every municipality, throughout the land, is,—Who are to be the future builders of the American City?

We quote from a former issue of *Municipal Problems*, written under the inspiration of the old order of things, existing before the war, the following:

Every community is made up of two classes of citizens, the builder and the non-builder.

The ambition of the former is to carry out some plan of building construction. To this class belongs the natural builder, he who has the disposition to create permanent material evidences of the city's prosperity, awaiting anxiously for the opportunity to act. He who comes under this classification may be rich or poor. If too poor to finance a building project, it is not only *his* misfortune, but also a misfortune for the community, the ultimate beneficiary. Equally unfortunate it is, if the non-builder who has the means but not the inclination, refuses to put a portion of it, at least, into some constructive work, something upon which the eye may rest to encourage those who follow,

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as we have been encouraged by those who have gone before.

He who comes under the classification of non-builder, may also belong to one or the other of these extremes. These two classifications know no property distinction, and are for this reason among the most democratic classifications with which we have to deal.

The non-builder may be a lot owner with money at interest and naturally a non-builder; his mind and inclinations are directed towards other lines.

Fortunately, it may be that we are not all builders, as necessarily we must have the equilibrium, some of both to balance up the whole, each to play his part in making up what may be called the glorious *ensemble*. If a choice, however, had to be made, a world full of builders would be much more preferable than a world full of non-builders.

Another question crowding closely upon this one is: Has the deplorable conditions surrounding the building industry, in the last two and three years, weaned away from this great industry, the natural builder? He who had the disposition to create permanent material evidences of the city's prosperity. Or, must we now look elsewhere for others and newer methods of building construction?

Before proceeding further on this subject we

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again quote from a former issue of *Municipal Problems*, 1917, also written under the inspiration of the old order of things, the following:

INDIVIDUALISM

We say, the growth and character of a city is indicated by its buildings and the individual who marshals his energies, braces his nerve and assumes the hazard of investing his capital in the material construction of a city is its most valued citizen; for it is to him the greatest credit is due.

A man who builds a row of brick flats worth \$75,000, is a much better citizen for the town than the one who loans \$75,000 and feels satisfied, merely with the routine of calling at the bank and collecting the interest, where it is made payable. The man who erects a \$300,000 department store, anticipating in its construction the growth of the city in ten, fifteen and twenty years, is a much better man for the city than the one who loans out the same amount and feels that he is doing all that duty calls upon him to do as a citizen, by merely clipping the coupons from gilt edge securities.

If a city is to be built, one hundred men in the community with the building spirit, are worth more than one thousand without.

It is not the fellow who tells you how it should be done; it is the fellow who does it, and shows you it can be done.

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The public spirit of the individual is not measured so much by what he says as by what he does and the way he does it.

The pioneers were the fellows who acted and did not preach; they preached after they had something to preach about.

To find out who are the builders of the modern cities today, all that is necessary, is to stop and look around the city and the question is easily answered.

The first thing you look at when you enter the city are its buildings. When you find one that strikes your fancy, you find yourself unconsciously asking the question, Who built that building? It will be found that in nearly every case, it is the individual to whom all credit is due, and very seldom to the organization. This may be said, in the least, without any reflection whatsoever upon the organization.

If the organization is unable to create material improvements for the upbuilding of a city, it is nevertheless within its province to improve the conditions, so as to encourage the constructive genius of the individual.

This is not a plea for individualism versus collectivism, both are needed; each has its part to play in the great symphony of life, be it great or small. The most important thing is that the play be fair, fair to the organization as well as fair to the individual.

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Very few cities, with their attractive outlying districts, have been designed and beautified by public organizations or contributions.

In looking over the many beautiful modern cities of America, they will be found, almost without exception, to have been designed and laid out by the private individual, primarily it may be true, for the profit to be derived, but nevertheless to the advancement, progress and betterment of the community.

The value of individual effort in the upbuilding of a city, is much better understood by analyzing your own city.

For example look over your own business district and count up the number of business buildings that represent a cost of \$100,000 or more and see how many you have and who built them.

We will assume you have five. This means an investment of half a million dollars or more. Now continue with your local analysis and find out when one was built, if it did not encourage the erection of another? After you have reasoned this and other questions out, to your satisfaction, you may soliloquize as follows:

“Suppose these five men who built these five buildings had never lived in this town and these buildings had never been built, what an inferior town we would have.”

“Suppose an earthquake, a cyclone or a Ger-

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man zeppelin would blot them out over night, what dismal holes they would make."

"Suppose these five men preferred to invest their half million dollars, or more, in gilt edge securities, rather than assume the hazard and risk of erecting these buildings, where would we be?"

The more you analyze the question, the greater is your sense of appreciation of what these five men have done. You also discover these structures have created centers, purifying the atmosphere around them, creating new values within a radius of several blocks, from which other improvements will radiate. You will commence to wonder and may possibly exclaim: "Isn't it marvelous what a handful of men by individual effort can do for a town!"

For a moment you cease to analyze; the stranger you have just met breaks into your reverie. You are immediately awakened to the external beauties of the scene. "Oh, yes," you tell the stranger, "this is my town." You swell up with pride when showing him some of "our buildings," "equal," you tell him, "to the buildings in towns twice the size of ours." With patriotic fervor, you elaborate on the structures, the character and growth of our city, until the stranger is firmly convinced, from the evidence at hand, that the town is just about what you say it is.

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You appreciate now, more than ever, what this handful of individuals have done; not only for your town, but for you as well, by creating within you, a personal feeling of pride for the town in which you live.

Every handful of men you can get to do what this handful has done, the prouder you will become and the greater city you will have.

It behooves us, therefore, to recognize, foster and encourage the constructive genius of men such as these; those who have the disposition to create permanent material evidences of the city's prosperity. There is nothing quite so convincing as that which the eye may see.

Dream cities, word pictures, visions and fantastic fancies of the theoretical enthusiast, all inspiring flashlights of the hour, are as nothing compared to tangible and material creations such as these.

You see there is nothing selfish or exclusive about a building. You found that out when you met the stranger on the street, as the minute before you were thinking of the individual who built the building and the next minute you were assuming, without a protest, a proprietorship not only over the buildings, but over the whole city as well, by referring to them as "our buildings" and "our city."

The owner of the building, it is true, holds legal title, but on the other hand, in the con-

struction of a building, the city and the public became permanently possessed of an element of proprietorship which cannot be reconveyed and of which it cannot become dispossessed. The building's complacent attitude is, "I belong to the city, this is my permanent status; to me whoever holds title, is a matter of utmost indifference, for this is merely temporary and transitory."

All hail to the builders. If pyramids cannot be built to stand the ages of time, build what you can in the most permanent way, for upon your foundation others will continue to build, as we are now doing, upon the foundation of the pioneers who have gone before.

HOW ARE YOU CLASSIFIED?

It would not be amiss to ask yourself the question: Under what classification do I belong? How much have I contributed to the material upbuilding of the city in which I reside?

An inventory of what has been done may not place you possibly, in the one hundred thousand dollar classification, but it may place you in the seventy-five, fifty, twenty-five, ten or five thousand dollar class. No difference what classification you are in, you must know it is more your city than it is the fellow who comes under no classification whatsoever. It might surprise you when you figure it out, what a good classi-

The Future Builders of the American City 27

fiction you are really in. Did you ever try it? If not, try it sometime and find out where you really belong.

Some men are, temperamentally, builders, naturally so, while there are others who are not. It may be an extremely easy and pleasant avocation for one and an abhorrent task for another. To create something, in a material way, may be the life ambition of one and a very trying ordeal for another.

One may encourage a public improvement and willingly share its cost; another feels his inherent rights invaded and files his fiery protest.

These are different viewpoints, from which a number may look at the same thing, and their reconciliation to the public good, is the problem which must be continually solved so long as we remain human beings.

Our object in contrasting the viewpoint of two and three years ago, written under the inspiration of conditions existing, prior to that time, with the viewpoint now under the new order of things, is to show how far and how fast the world has traveled in so short a time as to seem almost, as if a period of several generations have been taken to make so great a change in the conditions that now surround the building industry.

In this we have shown that our cities, great

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as they have become, have been the result of individual effort and initiative on the part of the natural builder, and that which has inspired him to build is fast disappearing, compelling him to gather up his initiative and his capital and turn his eyes toward other fields more fertile and with offers of greater promise.

To this type of American citizenship we must now make our appeal.

What can we do to retain it? What beacon lights of encouragement can we flash across the pathway that will summon to our aid, the future builders of the American city?


The empire builder sighs
As he turns away his eyes
From the picture he has cherished
With the dreams of conquests, perished.

From his vision slowly fades,
Donjon towers and palisades,
Parapets and marble halls,
And many things, fond memory calls.

To other flights his fancy goes,
To other deeds his valor flows,
In other climes he sees the light,
In other battles leads the fight.



II
WHAT MAY BE DONE



All hail to the builder. If pyramids cannot be built to stand the ages of time, build what you can in the most permanent way, for upon your foundation others will build, as we are now doing upon the foundation of the pioneers who have gone before.

—*Municipal Problems, 1919.*

WHAT MAY BE DONE*

If the individual does not build, who will, the state or the municipality?

Are we gradually passing from an age of individualism into one of collectivism?

Are the days of the pioneer and empire builder a thing of the past?

If doubt there be, the question is: what can be done to retain the initiative, to inspire the vision, to give courage and inspiration to the one who must dare and do the material things that should and must now be done.

What aid is given should not be in continuing to feed academic advice by experts, endeavoring to explain why he can and should build.

It is from this source that all his nourishment for the past few years have been obtained, with the consequent result that discouragement and despair are now his portion. His constant appeal has been for a change of diet. The first thing wanted is something that will place all the material and labor that enters into building construction into his hands, as direct from the original source as possible at a reasonable figure, divested of all exploitations, unusual charges and exorbitant profits.

*See Preface.

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Some of the causes of the stagnation in the building industry throughout the country are:

First: Material nearly 150 per cent higher than in 1914, despite some reduction in lumber prices.

Second: Alleged graft and blackmail by building officials in some localities, adding millions to building cost.

Third: Difficulty in negotiating building loans.

Fourth: High wages.

Fifth: Building union restrictions in some localities in using materials.

Sixth: Sub-normal efficiency of labor.

Seventh: Transportation.

Eighth: Taxation.

The building industry is basic, upon it depends the stimulation of industrial progress in every line.

The expansion of the building industry means, first of all, employment. When the great army of builders throughout the country once get into action, all kinds of employment will be stimulated. Material to the workmen calls for transportation, which creates a whole industrial army.

Increase the earning power of labor and you increase its purchasing power, and the magic wand consequently will start the flow of progress throughout every artery and channel of industrial activity.

Many of the abuses and restrictions to the building industry can be eliminated. In doing this the questions arise:

What can the municipalities do?

What can the state government do?

What can the federal government do?

What can civic bodies do?

What can industrial leaders do?

What can the triangle (labor, materialmen, contractors) do?

What can all these factors do, severally and jointly, in forcing the friction out of the building industry and relieving it of the many uncertainties surrounding it that inevitably spells stagnation?

It is not at all surprising that the practical man of affairs, anxious to build, knowing the conditions were such as to be suicidal from a financial viewpoint, should turn away in despair when repeated appeals were issued to build, first by the federal government, in order to give employment to returning soldiers; then by the experts in political economy, who reasoned out that no decline in prices would take place, to any great extent, for ten or more years.

Then the subscription plan, for one-half the population to subscribe to a fund to build houses for the other half. One hundred individuals with one hundred different remedies, with the result that all avenues of relief during

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all this time were blocked by the same stone wall that is blocking them now, and which we are still calling upon to be removed.

THE MUNICIPALITY

What are the things municipalities can do to encourage individuals to build? Whatever the city is able to do for the individual, it must also do for itself.

City officials, who are endeavoring to outline policies for the proper guidance of municipal affairs throughout the land, are now having their trials and tribulations.

Their duty, a very trying and difficult one, is to reconcile the extreme radical and conservative element on just how far we should now go in advancing public improvements, in an abnormally high building market.

Fortunate are the cities whose destinies are controlled by those in power, who have the foresight, wisdom and fortitude during these abnormal times, to eliminate every specie of exploitations and in the practice of the strictest economy guide the ship close to the middle of the road course, until this period of uncertainty becomes stabilized and further removed from the things that have not only unsettled the actions of the individual, but his reasoning powers as well.

Cities have their vanities the same as in-

dividuals. The new hat for the neighbor's wife calls for a new hat for yours. It is impossible for her to take any position other than the one that she is just as good and her husband is just as able. The argument that a better and a finer hat later on will be the reward, availeth not.

There are times, however, when cities, like individuals, can forego luxuries and temporarily practice at least a little self-denial with excellent results, without causing very much criticism. If perchance some criticism is offered, it must be remembered that it is of a kind that will soon vaporize, and that "he who laughs last laughs best."

Building an overcoat around a hole in the old one has become a favorite pastime the last few years, and extremely popular. Many have practiced it and proud of the fact; others have not. Those who did now have not only a little more overcoat, but a little more money to go with it.

The tendency of all governing bodies, for several years to come, will be toward conservative lines, closely drawn, relieving taxation and burdens whenever it is possible to do so, in order that the individual who has facilities and ability for building up our cities, be given a short respite or breathing spell in which to gather up the ragged ends and inventorying assets, which can not be done until values become more stable.

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It is a thing that is absolutely necessary to do or a good start will never be made and the day of settlement further deferred.

In other words, the goose that has been laying the golden egg for the development of our cities must be fed and fattened before it becomes too lean to functionate.

Patience, combined with the practice of some self-denial, is at this particular time a cardinal virtue and will reap its own reward.

The middle of the road course will become the popular route for the next few years to travel. He who is willing to plod its course patiently will multiply his facilities for doing more and doing it faster, when the present tension becomes relaxed, than he who fights the conditions that now are confronting us impatiently, without going far enough to reason out and analyze the fundamental cause.

A PERIOD FOR CORRECTIVE MEASURES

It has been suggested that the federal government supply several billion dollars to stimulate the building industry.

It is getting to be quite the custom now for different industries to look to the federal government for financial relief.

The pampered child is oftentimes injured by too many indulgences and greatly benefited by a few stern denials.

This is a period for corrective measures rather than one for artificial stimulation.

Artificial stimulants to a patient sometimes proves bad in reaction. The best course is to first cure the evil.

The building industry is not seeking a temporary stimulant with the same handicap in existence that must be eventually eliminated.

What the building industry wants is a period of rest to correct abuses, rather than temporary stimulation that will also tend to stimulate abuses.

The question is, had we better take our medicine now and settle, or seek a temporary relief followed by a still greater loss, or in other words, shall we correct and lose now or stimulate and lose later?

Had we better go slow and end up fast, or go fast and end up slow? Will it be fast and temporary, or slow and permanent?

If three months is not sufficient, will it be best to take six and correct first, no difference how long it takes?

The force of necessity and deliberation sometimes makes sweeping corrections and accomplishes a great deal towards stabilizing the mind in choosing a proper course of action and for which nothing else can be substituted.





III
PUBLIC IMPROVEMENTS

Some people look on government as a sort of magic. It has only to wave its wand and presto! the genie is summoned from the bottle and things begin to happen. The ordinary person has to save to get ahead. The government is free from all these crude limitations. All it needs to do is to say: 'Let there be money,' and there is money.

If you or I should undertake to build a power plant and were without the necessary funds, we should have to borrow and pay somebody for the use of the money.

How is it different? The government is made up of you and me and the rest of us, associated in various activities. Its only resources are the funds which it gets when it writes us to please remit. In Russia and Central Europe when people didn't remit, it tried to trade on this widespread impression of government magic, and printed money, bales of it, millions and billions and trillions of dollars worth. Pretty soon people saw the magic was a fraud and now the money isn't worth anything.

No, the only way you or I can get money for development work is by borrowing from somebody who has saved it, and paying him for the use of it. The only way you and I and Smith and Jones, associated in a common enterprise called the United States Government, can get money for Muscle Shoals plant or any other thing, is to borrow it and pay for its use.

—Selected.

PUBLIC IMPROVEMENTS

Every community is made up of three classes of citizens.

First: Those who are for public improvements, limited only by the conditions that surround the community, locally and the general conditions of the country at large, but at the same time for progress and development.

Secondly: Those in favor of public improvement at all times, regardless of local and general conditions, as an expedient to start into activity the wheel of industry. This, being the primary consideration and incidental to the one as to cost, whether the cost of the expedient is distributed equitably throughout the community, or not.

Thirdly: Those who are against public improvements regardless of conditions locally, and against progress in general. Those without vision, satisfied to remain just as we are and willing to remain so forever and commonly known and classified as "chronic kickers."

It may be necessary to say, however, whenever an improvement is submitted to the public for consideration, handicapped as we are at the present time with an extraordinary abnormal

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condition, it is just that the individual who pays the cost should have the right to file his protests, backed by good economic reasons, without fear of being subjected to too much criticism and public denunciations.

At the same time it must also be remembered that there has never been a time when a public improvement ever received the unanimous consent of all, without protest from those who are never for anything at any time, regardless what the conditions may be.

WHAT IS A PUBLIC IMPROVEMENT?

A public improvement is, in fact, nothing more than a private investment.

It differs, however, from the ordinary run of private investments, in the fact that it is not altogether voluntary on the part of the investor. It is an involuntary investment made for him by the taxing body. It is not based altogether upon the judgment of the investor, but on the judgment of the taxing body for the public good.

While called a public improvement, no part of the cost, according to the present ruling in some states, is paid by the public, but solely by the investor or property owner.

The improvement is called public because it is constructed for the use of the public. In making these improvements a taxing body has the moral support of the immune, who are at

all times free from any and all taxation of this kind, as well as other voters in the community who happen to be just outside of the particular zone of improvement.

It places, therefore, a very powerful weapon in the hands of the taxing body, and every care and precaution should be taken at all times in using it wisely, judicially and with discretion.

Forcing through public improvements at the point of the bayonet, is not what taxing bodies desire, and never a method that should be too strongly advocated.

The same rule should govern cities that govern individuals in purchasing material, employing labor, placing contracts and studying markets in order to avoid a high market on the eve of the lower one.

Careful and conscientious investigation by the municipality, co-operating with the state and federal government in an effort to correct abuses and analyze local causes, if any, that in any way have a tendency to encourage building stagnation.

The wisdom of too much overzealousness on the part of taxing bodies in responding to the public cry to start public improvements whenever everything else has stopped, and for good and sufficient economic reasons refuse to start, is always questionable.

Naturally the voter who pays the bill gives

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the question of taxation more serious thought and consideration than the more voluble, and oftentimes more eloquent advocate of civic advancement, who pays only a nominal amount of the cost of government.

MAXIMUM IMPROVEMENTS AT MINIMUM COST

Another slogan has been enunciated by our own state government, having the proper ring, and one that should reverberate throughout every state and municipality in the land, as containing a fundamental principle worthy of adoption by all. We refer to the one adopted in the good-road program, which proclaims: "The maximum mileage at the minimum cost."

In the program outlined for good roads in the State of Illinois, we find it surrounded by the same atmosphere that enshrouds many public improvements contemplated by the federal government, the state or municipality, created by those who are for improvements regardless of cost, and the immunes who are practically exempt from all taxation, as well as those personally and financially interested in the project, directly or indirectly.

While it is true, the argument against any delay in highway building is quite convincing when you stop to figure out the increased value of farm land as a result of good roads, in filling up important gaps, making through traffic pos-

sible, eliminating loss and waste. Nevertheless, all must admit that the placing of contracts indiscriminately, without effort on the part of the official to first correct the abuses that have crept into building industry, would be open to still greater criticism.

Condoning and tacitly abetting in a profiteering program for the construction of public improvements on the part of any official for the benefit of the few, in its moral effect, would be bad and detrimental to every other industrial group conscientiously endeavoring to correct these abuses within its own camp.

So far as the question of personal motive is concerned, on the part of any official enunciating such a principle, it is not within our province here to discuss.

All we are primarily interested in is the operation of good business principles and their practical application to governmental affairs.

They may kill the man politically who enunciates a good principle, but no one ever will be able to kill a good principle.

It has been a very unusual thing, however, to find, in present-day publications, the enunciation of such a principle, followed by any attempt at a practical application, emanating from an official source.

The enunciation of such a principle at the present time, while so unusual, is nevertheless

of so much vital importance that we cannot refrain from using it here, in the manner we are doing, even with a possibility of being accused of joining in a controversy of which, personally, we know nothing.

This slogan, applied to the municipality and proclaiming "the maximum amount of public improvements at the minimum cost" and conscientiously followed by city officials and civic organizations, would be an incentive to the individual to invest and the builder to build.

A city known to be controlled and managed by business experts would redound more to its growth and rapid development than any other known agency.


It has been said by another that "New York City is in debt more than a thousand million dollars. One citizen, if it were possible to realize on his possessions at their full value, could pay the debt of the city and have more than a thousand million left.

"If this man fifty years ago had been put in charge of the city's finances with power to develop its street cars, wharves, real estate, gas, electric light, telephone and other natural monopolies for the public benefit, New York City wouldn't owe a dollar, would have no disgraceful slums and would have a thousand millions in the bank, if it chose.

"At this point in our progress toward civiliza-

tion exceptional individual intelligence seems to be devoted to exploiting the masses. Later it may strive to protect them, then many problems will be solved."





IV
OFFICIAL CO-OPERATION

**Municipal institutions constitute
the strength of free nations.**

**A nation may establish a system
of free government, but without
municipal institutions it cannot have
the spirit of liberty.**

—Selected.

OFFICIAL CO-OPERATION

Somewhere in the middle west, a number of years ago, a man was elected to the office of mayor of a city.

Being a man of affairs, intelligent and extremely practical, with sane ideals, he was broad enough withal to realize that nothing of importance could be accomplished without the co-operation and support of his constituents.

His determination and conscientious endeavor was to give to the city the very best administration within his power.

He did not take the usual course of arbitrarily planning out a program of what in his power and might as an official he could and would do, with the assistance of co-workers that usually bask and thrive in the smiles of official patronage, but in the most unconventional, unassuming and democratic manner selected twenty or more representative citizens to act as a municipal cabinet, with whom to confer, confide and advise in regard to the various municipal problems arising, from time to time, for solution.

In the selection of members for a municipal cabinet he did not confine himself altogether to his friends and political supporters, but went

outside, basing his selections purely upon the aptitude, experience and ability of the individual to solve the various problems and carry out the program outlined, effectively, correctly and economically.

The result was he obtained the concentration of all the best minds of the community upon every important official act of his administration, resulting in maximum benefit to the city and reducing to the minimum costly mistakes that seem to be part and parcel of the present day municipal government.

By this method it was found that he eliminated waste, pull, extravagance and favoritism. It gave publicity to all details to the gratification of the most exacting.

There was nothing hidden or obscure in the bookkeeping. It was an open book, accessible to all members of the firm alike.

A business administration, pure and simple, that might be likened unto a business corporation, with heads, directors, and stockholders, jointly mapping out policies and devising ways and means to economically execute them.

Every suggestion, from every conceivable source, from both rich and poor alike, was given due and courteous consideration for the purpose of seeing how much good could be gleaned therefrom to offer at the shrine of public welfare.

Every problem was thoroughly analyzed, carefully deliberated and most thoroughly reviewed for the purpose of obtaining the wisest solution for the greatest number.

The position was taken that no administration, working wholly in the interest of the city, can afford to ignore protests and objections to official acts, which in the mind of a single individual is an infringement of his right and detrimental to his interests.

Neither did he countenance the plan of browbeating a citizenry into subjection, by holding them up to ridicule and public denunciation as undesirable and unprogressive on any issue of administrative policy, but on the contrary to make conversions to progressivism possible by offering a public forum, whereby all might appear without fear or prejudice to offer the best thought, for the greatest good, to all concerned.

For it must be remembered, he said, "the city is just as much your city as it is the city of the official to whose position you have contributed your support."


From this example of an ideal municipal administrative policy, we now turn to the same principle being applied by the federal government in calling together the best minds of the nation, regardless of party affiliations, to assist in solving the complex problems of state.

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History has conclusively shown and is replete with many notable examples showing that greatness on the part of the individual in the administration of public affairs is never diminished by the democratic exchange of ideas, but on the contrary materially enhanced and benefited, while autocratic egotism, to both individual and state, is a menace and spells the greatest loss and failure of the hour.



V
DELIBERATE AND DEFINITE
PLANNING



The city is the spectroscope of society; it analyzes and sifts the population, separating and classifying the diverse elements. The entire progress of civilization is a process of differentiation, and the city is the greatest differentiator. The mediocrity of the country is transformed by the city into the highest talent or the lowest. Genius is often born in the country, but it is brought to light and developed by the city.

—Weber.

DELIBERATE AND DEFINITE PLANNING

No extended plan of public improvements should be pushed forward, under the emotion of the hour, without proper planning, in advance, for a term of years.

A city is built for the ages, for those who are to follow, not alone for the present generation. A definite and positive planning system of development gives it prestige, character and individuality.

An individual with marked elements of future greatness is an attractive personality, at whose shrine the world is ready and willing to bow.

A city with a positive future, well defined, under the control of the master mind is an asset, not alone for the city itself to enjoy, but for the individual who is induced to join in the march towards the promised goal, reaping enroute the reward at each and every mile post.

The owners of property, the ones who must pay the price, should organize, not for the purpose of retarding public improvement, but to encourage along common-sense, economical and business lines, in taking every safeguard and employing every known business method in

negotiating contracts and thoroughly studying markets, so that the greatest amount of public improvements may be purchased at the minimum cost.

Municipalities are fast coming to the conclusion, that in order to make public improvements popular, in obtaining converts instead of objectors, it is quite necessary that same shall not be pushed forward without regard to the economies and the consideration of those who are to pay the cost.

Civic organizations become remiss in their duties when they stimulate an extensive public improvement campaign, without giving more than casual consideration to economical methods of construction.

Nothing should be attempted in a big way in outlining an extensive public improvement campaign, without getting the greatest co-ordinators of the community enlisted to work out a plan, by first making a careful preliminary analysis, with proper and thorough investigation and full knowledge of the best methods of eliminating waste and reducing cost before final action is taken.

It is easy enough for the enthusiastic and zealous public welfare workers to complete a list of the many things that should be done, without giving much thought to the more difficult task of providing ways and means of economically doing them.

The period through which we are now passing, encumbered as it is with the heritage of the most wasteful war of Christendom, is, primarily, a period of planning and deliberation in providing ways and means, in first taking care of the essentials, the things vital and necessary to be done with the least possible delay, in the most economical way.

In doing this, attended as it will be for several years to come with unusual taxation, the effects of which will be felt more later on, will necessarily retard the broader plans and delay the luxuries of municipal greatness which is bound to be our portion, sooner or later, when a more stable and normal status is reached.





VI
LEGISLATIVE ENACTMENTS

The state should vigilantly guard against combination in prices and all legislation that will directly or indirectly retard building construction during the reconstruction period. Fads and innovations should be dismissed until industrial activity is resumed. The disposition now prevalent, to increase and add taxation on real estate, should not go so far as to become a menace and "kill the goose that is laying the golden egg." Nothing should be struck while it is down, unless you wish to keep it down. There will always be a time and place for the other things; but there is only one time for this thing, and that is *now*:

—*Municipal Problems, 1919.*

LEGISLATIVE ENACTMENTS

We now turn our attention to legislative enactments to correct abuses, and to constructive legislation to stimulate the building industry.

One of the questions that is now engaging the public attention is rental legislation, a very proper subject for consideration here in its possible effects on building construction.

The question of placing a statewide law into effect to remedy an abnormal local condition, in certain parts of the state, should be thoroughly analyzed and determined what the general effect will be over the entire territory prescribed by the law upon building construction, and whether or not local remedies may be applied that will successfully deal with a situation more or less temporary.

The natural tendency of any legislation governing profits is to create a reduction in supply.

Arbitrary limitations of the possibilities of an enterprise also limits its production and expansion.

The natural tendency of human nature is to do something wherever the elements of chance are involved, and where the possibility of a big profit is in sight and unusually good.

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Withdrawing any commodity from the effects of law of supply and demand, placing it within fixed limitations, takes away that element of chance which oftentimes influences one to act, whereas otherwise he would not.

Nothing should be done that will react and require another remedy to correct.

A possible gain in one direction should not entail a possible loss in another.

Experience has exploded quite a number of economic theories within the last two and three years.

The conditions are still ripe for more theories and more explosions.

It is impossible to force or encourage capital into a high market and limit its possibilities to a low market basis.

Conditions are still abnormal and as a consequence the individual is becoming so in his impatience to correct and return to his original moorings.

Impatience and too many short cut routes in making the return is liable to react and somewhat lengthen the road.

Building at no time has been a very profitable investment for the original builder, as many have imagined.

There is an old and trite saying that "fools build fine houses and wise men live in them." The wise men usually wait for the other fellow to build.

The man who built before the war and held until now is the exception, but the man who builds now may be decidedly within the rule.

Is it strange that the builder is becoming weary and reaching out for other lines of investment less hazardous?

If the builders of the past are leaving us, to whom shall we look for relief?

Shall we finally become a nation of wise men, patiently awaiting the birth of other fools to build?

An example of what may be done in the way of constructive legislation to aid the building industry in the state of Illinois, is one that will be recommended by the Illinois Realtor Association as the surest and quickest means of relieving the housing shortage.

In reviewing a report made by Joseph K. Brittain, chairman of the building and finance committee of the "Own Your Home" exposition, we quote, in part, the following:


"Investigation by our committee shows that Illinois is the only state in the union whose laws prohibit corporations from holding titles to homes and engaging in real estate operations in connection with home building," said Mr. Brittain. "This antiquated Illinois law necessitates the financing of home-building projects by individuals, few of whom have the necessary capital or experience. They must undertake to

build under conditions which result in high initial payments on the part of the home buyer and high installment payments over a period of years.

“A corporation with large financial backing can build on a scale impossible for the individual, and, by reason of its large operations, can build better and more economically and can sell its finished product on easier terms.”



VII
CONTRIBUTING FACTORS



The source of political power is more and more to be found in our cities. And there, also, in an awakened feeling of responsibility with regard to matters which directly concern the lives of the citizens, may be found the needed purifying force.

—Hughes.

CONTRIBUTING FACTORS*

It may not be amiss to call attention to a few contributing factors causing stagnation, already classified under the general heading "The High Cost of Labor and Material," but more in detail showing the contributing elements which go to make up some of the items of this already overburdened account.

It is not the intention to pick out one contributing factor for the purpose of doing an injustice to any particular class by pushing the burden from one shoulder to another.

We feel all should share alike in the treatment of the whole subject matter. But it can not be denied, that one of the most discouraging items the individual has to contend with when he undertakes to figure on building construction, is when he reaches the plumbing end of it.

This we find not only in the initial cost of installation, but in the general upkeep, surrounded as this industry seems to be with arbitrary rules and methods, making this item a very important one to consider in the general discussion of this most important subject, and one that should not be casually or lightly passed over.

*See Preface.

The indignation of a plumbing patron is always at fever heat in discussing the ingenious methods and devices alleged to be employed in tacking the cost on to a particular piece of plumbing.

This we find to be so general and unconfined to any particular locality as to become proverbial, country-wide, calling forth the jokes and gibes of the humorist and satirist, with the public looking on, tacitly accepting it in good natured tolerance and apparent indifference.

While it is true, in relating and in retelling instances of this kind, many exaggerations creep in. But in justice to the plumbing industry and the public as well, during this trying period in which a conscientious effort is being made to revive a prostrated industry so essential to the general welfare of the whole country, these alleged aggravations become, nevertheless, of the utmost importance and should not be overlooked in the general discussion and investigations now being made.

It has been suggested that each locality compile its stock of jokes and experiences, backed by the responsibility of the authors, and give the plumbers a fair chance to meet the issue.

There are a great many who contend that the distribution of plumbers throughout the country, with an apparent limitation as to the supply given or assigned a community, creates a short-


age of help, so that when the demand increases plumbers are scarce, which makes it possible to hold to a higher or increased wage, and a consequent delay and shortage of production.

This condition gives the impression on the part of a few that the restrictions governing the period of probation and apprenticeship is too long and exacting, so as to place the supply of plumbers somewhat behind the constantly growing demand for help.

A builder in his desperation advances the rather startling and somewhat impractical suggestion that each community adopt some method of schooling volunteers in the plumbing trade.

Germany, it is said, has a policy of training reserves in the various trades at all times, so that the same may be used in case of a contingency arising threatening the curtailment of necessary production.

These conditions, multiplying so fast as to become the general, rather than the special rule, not only in this but other crafts, forces us once more to ask the question, "Will it be necessary for us to follow European precedents in order to fulfill the destiny of the American city?"



In the solution of economic problems now confronting the nation, the disposition to protect the issues advanced by the various groups and organizations demanding special benefits, without regard to possible secondary effects on the nation as a whole, is a grave and serious mistake.

This nation belongs to no one party, group or organization, but to the whole American people and the only true test of merit for the advancement of any public measure is in the proper analysis of the effects it will have on the great masses of people.

Municipal Problems.



VIII
A GRADUAL RECESSION IN
PRICES

Building construction is not waiting for a pre-war price in labor and material so much as it is a stability in prices. When a permanent schedule of prices is established there will not be much hesitation on the part of the builder to act.

The builder knows that the present market is the highest that the world has ever known—a record-breaking market. He also knows that the market will not go much higher. Why? Because the point has been reached where the demand has ceased and when the demand ceases the market stops.

The builder knows that the market will not remain stationary. An abnormal market that remains stationary is a dead market, and he reasons, it must bend downward to the point of ignition, that is, if ignition is what is desired. Increasing the price of labor and material after it reaches the abnormal point where the market becomes inactive and the demand ceases, does not increase the profits of either the material man or the artisan, for the reason there is no profit to divide. Increasing the prices under these conditions, no matter how many points, has no more effect than pouring a hundred more bullets into a dead mule, for the reason "he was just as dead the first time as he is the last time."

—*Municipal Problems, 1918.*

A GRADUAL RECESSION IN PRICES

It is generally conceded that a gradual recession in prices back to normalcy will cover a period of several years.

The principle of a slow and gradual decline in prices, from a higher to a lower market, so that no one will suffer, offers very little encouragement to the builder at the present time.

It may operate satisfactorily in merchandising, but offers no inducement in building.

For instance, a manufacturer makes and sells a suit of clothes in a high market. The purchaser wears it out in the same market and no one is damaged by the transaction, for the reason it is made, bought, sold and worn out all in the same market.

On the other hand, the builder starts a building in a high market and by the time he completes it, finds himself in a lower market and by the time he sells it, in a still lower market.

The purchaser's aim is to buy the building so he will be protected against a possible loss in a future declining market.

So we find, unlike merchandising, it is impossible to build, sell and wear out a building

all in the same market so as to avoid depreciation.

A building is built for permanency and when constructed in the highest market, it is inevitable that somebody at different periods in the future will be buying and selling it in a lower market.

The difference in this regard is the manufacturer produces for temporary use and consumption, while the builder builds for permanency and the ages.

We are now confronted with the question: How are we going to satisfy the builder that the market is a stable one and how are we going to prove to him that the market has no false bottom?

A great many people were of the opinion that an unseen power, located no one seemed to know exactly where, had perfect control of a lever that would gradually let the market drop so lightly and so gently that no one could possibly be seriously injured.

The idea was such a pleasant one to contemplate, so optimistic in its psychology, that a great many accepted it as a fundamental principle and would still be accepting it if the invisible power at the lever had not let it slip a cog, permitting the law of supply and demand to operate with full force and effect on the farmer, dropping him clear through without even one single stop-over.



IX
FEDERAL SUBSIDIES

Governmental fiat and decree can not force capital to invest, or compel labor to work. The element of force must be eliminated from capital as well as from labor. Capital can not be forced into a high market upon the plea that stagnation, chaos and industrial inactivity will result.

The natural law of supply and demand must be permitted to play its important part, and the reconciliation of labor and capital to this fundamental principle is the part we have to solve. There is no doubt in the minds of the American people that this problem will be solved, and solved right, in the good old American way, with the best weapons the world has ever known, the American weapons, JUSTICE, FAIR PLAY AND A SQUARE DEAL.

—*Municipal Problems, 1919.*

FEDERAL SUBSIDIES*

The question is being asked, is the United States facing the necessity of subsidizing housing construction on the European plan to relieve the present stagnation?

Is the country approaching a condition which will mean the "adoption of European precedents born of the paternalism of monarchies" in fulfilling the destiny of the American city?

If it does, will it go too far in satisfying every demand and be applied to every class?

Will we eventually become a nation so accustomed to subsidies as to wait patiently for an assignment of our particular brand?

Will the building industry under these conditions, like the railroad experiment, create a condition that now requires a remedy to correct?

Will labor have to be subsidized to work and material men subsidized to furnish?

Will a building program, controlled by the government, destroy the initiative of the individual by placing him in competition with a subsidized competitor?

Will the same economies enter into building construction as the individual builder employs in working out a reasonably priced product?

*See Preface.

Will the carpenter and plumber drop down, smoothly and automatically, from a subsidized period to a non-subsidized period without a jolt or a jar?

After doing all this, where will the government let go and where will the other fellow catch on?

Or will the federal government use its good offices in following a plan that will inspire the individual to build, capital to invest, labor to work, material men to furnish, civic bodies, construction interests, and industrial leaders to co-operate? If so, all well and good.

No doubt federal aid, as already suggested, in remitting taxes for a certain period in new construction work as a means of encouraging capital to flow towards the building industry, will contribute something in that direction. Still the one big thing the federal government must do, and one which overshadows every other question at the present time, is the *speedy solution of the transportation problem.*



X
TRANSPORTATION PROBLEMS

In the construction of public improvements it is found that the high cost of material is, in a measure, due to high freight rates, established by the government.

The freight rate on gravel, which enters largely into road-making, to a city, is 92 per cent higher than it was two years ago. Ever since the armistice was signed the call by the government to build has been incessant and almost mandatory.

It must be remembered that the government took the market away from the builder in the first instance, and its obligations to return it in as good condition as possible is obvious.

The problems for thought and intensive study are, to what extent the federal and state government can go in giving first aid to the building industry.

To what extent freight rates may be reduced, so as to get the material on the building site as cheaply as possible.

To solve the problem of reducing, to the minimum, the competition between the builder and the government in the purchase of building material.

To investigate and ascertain how much building material is held in storage throughout the country, withheld from the building industry, and how it can be immediately released and placed in the hands of the builder, free from all artificial prices.

—*Municipal Problems, 1919.*

TRANSPORTATION PROBLEMS

The building industry, more than any other, suffers from high transportation charges on account of the bulky character of the shipments and the great distances building material must be transported before it can be assembled on the building site.

We can easily see what the direct benefit would be, in obtaining reasonable freight rates for the building industry in the transportation of material, as well as the indirect benefit received in reducing the high cost of living, placing the artisan in better position to offer his services, in building construction, at a much lower wage.

Economical distribution in a country so vast and large as our own, with such a diversity of raw material and production, becomes now the all absorbing question.

Reasonable freight rates enable the farmer and the manufacturer to economically distribute their products into all parts of the country, near and remote, so that one section now raising corn may have it at a low price and agricultural districts may, in like manner, be supplied with lumber from remote timber sections at a reasonable figure.

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What benefit does the resident of a distant city derive in a reduction of prices by the farmer of food products, if the cost of transportation equals the amount of this reduction?

Under these present conditions the overhead, in way of transportation and other excessive charges resulting therefrom, makes no appreciable deduction in the cost of living, even with prices low at the producing station.

What the price is at the point of production has no relation to the price at the point of consumption.

An important item in our economic program should be the establishment of a reciprocal relation between all sections of the country, so that the advantages of those in one section may be enjoyed by those in another at the minimum cost.

Anything that brings all parts of the country in close contact, economically, tends towards the prosperity of the whole.

The stories now being told, some in a humorous vein, gives one a little better conception of the deplorable conditions under which we are now laboring.

Potatoes in a potato raising section, when the local supply is greater than the demand, it is said, are thrown away because they cost too much to ship to a distant city where potatoes are in demand.

It is also told that in a certain eastern city it costs more to transport products around the loop in the city than it does to ship the same amount from this country to Europe.

A farmer shipping hogs to a distant market was informed by wire that the proceeds from the sale of hogs was not sufficient to pay the freight. The farmer wired back, if party at other end would pay the freight, he would furnish him enough hogs to make up the shortage. A true story, however, of recent date clipped from a central Illinois paper reads as follows:

“Why is lumber high?”

Ask Bob Huff.

By a simple little process in subtraction he can show you how a shipment of lumber that costs S. E. Huff & Co. \$780 actually contained but \$180.82 worth of material.

Invoice, \$780, minus freight, \$599.18, leaves lumber, \$180.82.

“And then,” says Bob, “people wonder why it costs so much to build.”

RAILROAD PUBLICITY

Probably there are no economic problems quite so baffling to the average individual as those arising out of railroad questions, involving as it does the all important item of transportation with which little can be done in the way of bringing the nation up to its maximum industrial activity until properly settled.

This question has now reached a point where the concentration of all minds must rest, regardless of political affiliations, special interests or any other element that may enter into it, in the earnest endeavor to provide some sane, effective and definite method of solution.

This confusion, on the part of the public, is intensified by contradictory viewpoints, taken by the trinity, labor, railroad management and government, whenever an issue arises for discussion.

A statement one day from railroad executives contends that the high freight rates are charged in order to pay the increased wage of labor. On the following day the public reads that labor has retaliated, taking the position that the railroads have to charge the rate in order to pay the dividends on inflated stock, and that manufacturers and all classes of shippers and consumers must continue to contribute in form of rates based on highly inflated valuations of approximately nineteen billion dollars, thereby operating a practical embargo on many products of industry and farm.

The public reads again that labor has scored a great victory, and in another column of the same issue it is shown that the controversy between labor and railroad executives has resulted in a victory for the railroads. Surely a strange anomaly when two contestants in a controversy are both claiming successful victory.

In this world of strife, in order to be victorious, somebody must lose. It is an invariable law of conquest that "to the victor belongs the spoils."

If both labor and railroad management, in a conflict between themselves, show a victory for both sides, it is obvious that someone must lose and that someone can be no other than the unsuspecting public, apathetic and indifferent.

Thus, to continue indefinitely until the people become aroused and the apathy and indifference finally converted into a more intelligent understanding of the railroad problem and its great importance to the continued and uninterrupted prosperity of the nation.

Again, we find along the same line one political group advocating the repeal of the Cummins-Esch transportation act under which the railroad systems were turned back to their owners in order to crush what is called the Wall Street iniquity, while another group contradicts the statement, contending that Wall Street would like nothing better than repeal of the Cummins-Esch act, with its regulation of security issues; this, they continue, would deprive the government of a power, won after a long fight, to prevent fictitious capitalization of railroads, and also take away from the government effective control of the distribution of freight cars and prevent the co-ordination of

rail and water lines, all of which leaves it an even guess, on the part of the public, which one of the two viewpoints is really the true one to follow in the interest of public policy.

It is quite clear, however, that something should be done to bring railroad problems down closer to the understanding of the people. Under present conditions it would seem that nothing would be better, if it were possible, to establish a bureau of information and research on railroad problems, for the purpose of encouraging constructive criticism similar to the one on municipal problems, as outlined in another chapter, gathering up and analyzing facts, independent of any group, faction or interest, other than the interest of the general public.

An approach to this idea is proposed in recommendations made public recently by the railroad committee of the Chamber of Commerce of the United States, outlining a method for bringing the public interest effectively into every railroad question.

It is proposed to create a new agency to develop public interest and to represent it before the interstate commerce commission, the railroad labor board, or any other body considering questions in the field of interstate commerce. Into controversies between shippers and railroads and between employes and railroads this agency would have a duty to bring in considerations of general public policy.

The agency proposed takes the form of a commissioner general of transportation, to be appointed by the President and confirmed by the Senate. Respecting this official the committee's recommendations say:

"The commissioner should make such recommendations to all governmental agencies charged with the regulation of interstate transportation as he may find will be for the public interest and will tend to co-ordinate the administration of the laws respecting interstate transportation by land, water and air for the promotion and development of a national system of rail, water, highway, and aerial transportation, and make possible the articulation and economical use of all transportation facilities, including tracks, highways, terminals, transfer facilities, docks, and landing places. The commissioner should make an annual report.

"The commissioner should ascertain and report from time to time all conflicting or inharmonious functions and rulings of any one or more boards, commissions, bureaus or other governmental agencies with respect to interstate transportation as related to the functions and rulings of any or all such agencies that cannot be so reconciled by administrative practices as to promote the general development of a co-ordinated system of interstate transportation."

COMPLEX RAILROAD PROBLEMS

The railroads, on the other hand, do not hesitate to remind us that they are in no different position from other industries of the country.

Like many producing industries, they are also confronted with a sudden and violent shrinkage of business, which helps to make the selling price of what is produced lower than the cost of production.

They contend that they have to solve these problems in the same way as the manufacturer is trying to solve his, by bringing the cost of material and the cost of labor in line with the proceeds from what they have to sell.

We find in our survey many complex and important railroad problems that are now being offered for solution, not only involving legal and moral obligations, but also involving questions of public policy, requiring a broad-minded treatment. All of which it is hoped they will receive, so that in their solution they will be broadly based on the interest of the whole system of national transport and the general interest of the country, combined with all the equities which every interest involved naturally deserves.

Complex questions, such as the railroad re-funding arrangement, more or less open as it is to the influences of powerful centralized in-

terests, becomes one of the most delicate and difficult problems now offered for solution.

Whether to halt or push forward legislation, now pending, to pay \$500,000,000 of government debt to railroads before the railroads have paid what they owe to the government on account of war time government operations must be solved, and when solved it is hoped that it will be in the interest of industrial welfare.

Questions like the merger of American railroads into nineteen great competing systems, in order to strengthen weak lines and control waste, proposed by the Interstate Commerce Commission, now under serious discussion, give some idea of the stupendous problems that are now in process of solution.

From a report by Secretary Hoover of the Department of Commerce before the Interstate Commerce Commission recently, we quote as follows:

“For the last five years we have had no consequential expansion to our railroad transportation machine, except for nine months, in 1918 and 1919. We had a car shortage throughout 1916-'17-'18-'20, a shortage as high as 160,000 cars.”

In this report the assertion was also made that the experience of twenty years before the war has shown that we must build an extension of lines, including terminals, additional sidings,

etc., every year equal to the construction of a new railroad from New York to San Francisco, and add at least 120,000 cars and 2,500 locomotives annually to rolling stock.

Yet since the declaration of war in 1917, four years, we have constructed at least 10,000 miles of railroads less than our increase of population and economic development called for, and are behind in rolling stock about 400,000 locomotives and 200,000 cars.

In face of this declaration it would indicate that with any substantial increase at all in business revival, the failure to maintain railroad equipment in line with increased population and economic development would mean a shortage of transportation facilities on the start, with the natural tendency of keeping up freight rates indefinitely, sounding a death knell to those anxious to see substantial freight rate reductions on basic products, so essential to general industrial activity.

It would seem, however, that such extraordinary conditions, under which industry is now laboring, that some practical and feasible method could be thought out by which a reasonable freight rate might be conceded to basic products, which needs only this one special treatment to stimulate and throw into seething activity one or more of the great industrial armies of the nation.

A political economist makes the statement that "there are three keys to great national prosperity, one held in the hands of the building trades and the other two in the hands of the railroad and coal industries." Why say three keys? Why not forge only one that will open all three? Interdependent as they are, a key that would open one will not work until another is opened.

Lumber at the mill, reduced to pre-war prices, with a war transportation cost tacked on by the railroads on its delivery at the building site, offers very little encouragement for the maximum prosperity that the nation is now seeking.

FREIGHT RATES AND LIVING COSTS

The endeavor to minimize the effects of enormous freight rates on the average family now being made, in order to show that it has little or nothing to do with the high cost of living, does not appeal to the discerning individual who is able to figure, not only the direct but also the indirect cost of enormous freight rates that one is compelled to pay, showing quite conclusively to even the most casual observer that present rates charged are an intolerable burden for the great mass of people.

The effect of freight rates on living costs are in direct proportion to the amount of expenditure. The greater the expenditure the greater the effect.

It cannot be denied, however, that the average family throughout the United States pays billions of dollars for freight rates, covered up and concealed in cost of soft and hard coal, gas and electric light provided by fuel; clothes, foodstuff, building material and everything that goes to make up the wants and the necessity of every individual and family throughout the land.

The public, for these reasons, is now beginning to persistently ask many questions. It wants to know how much of the annual earnings of the United States are going into the coffers of the railroads. The poor man who buys the coal wants to know what proportion of the price he pays is absorbed for transportation. The builder is trying to find out, when he builds, how much he must contribute to the railroad before he can get his material placed on the building site. The farmer is endeavoring to find out, when he ships three or four cars of grain, cattle or hogs to the market, how many cars must the railroad take before the railroad delivers the balance to the purchaser. He desires to know what plan the government has in view for stabilizing the railroad rates, so that not only labor and management receives a square deal, but also how soon the public is going to be placed back into possession of its own.

FREIGHT COSTS ON BASIC COMMODITIES

In further verification of the statement that freight costs is one of the greatest of all our economic problems, attention is called to the recent announcement that radium has been materially reduced in price owing to the reduction in freight rates.

The question naturally arises, what relation have freight rates to the cost of radium, so extremely valuable in proportion to its weight?

When one stops to consider that it takes 250 tons of Colorado ore to produce one gram of radium, which has to be shipped east to be refined, the relation of price to weight is very easily understood.

We find the same handicap to industrial activity attached to all basic products of great bulk.

It is seen in three basic commodities, coal, oil and lumber.

Coal, a mass production, very heavy in proportion to the effective heat units which it contains covered with excessive freight rates under existing schedules.

Oil, with its potential possibilities and resources remaining idle on account of expense of handling enormous bulk and weight of shale, from which it must be distilled.

Lumber, from remote regions to its destina-

tion on the building site, covered with freight rates, several times what it costs, at the point of production.

Reasonable freight rates on basic commodities are essential to national prosperity.

Prosperity will ever be retarded and never reach its maximum, until the absorption of the incomes of industry in excessive freight costs becomes a thing of the past.

PUBLIC AND PRIVATE OWNERSHIP

The argument for and against public ownership of railroads seems so equally balanced as to neutralize any active effort that might be made to carry a government ownership plan into effect, unless it is brought about by fruitless efforts to reconcile railroad management and labor, thereby making it imperative, on the part of the government, to take over the railroads on the grounds of public safety and welfare.

It is very difficult to reconcile the mind to the thought of public ownership in the light of what is known of the inferiority of nationalized transportation in other countries, and what we may expect to inherit in the way of bureaucratic evils, that are bound to be a part and parcel of any government ownership plan that may now be devised.

On the other hand, under private ownership

we are also confronted with many complications and serious difficulties. If it is to be private ownership without regulations, as in the past, there are three things which we know to be intolerable, viz.: the rebate evil, bad financing and manipulation of stock issues resulting in monopoly, imposition of exorbitant charges on the public, absorption of undue profits and woeful neglect of public service.

If it is to be private ownership with regulations, we find then, those who protest on the grounds of restricting freedom of action, contending that reducing earnings and profits to the minimum, fixing passenger and freight rates, regulating payment of wages and limiting rates of earnings, are handicaps that retard growth and expansion of railroads, preventing them from attaining the high points of business efficiency that attend other industrial enterprises, with more freedom of action unattended by artificial restrictions, and that most any business enterprise would spell dismal failure if surrounded by the same conditions that surround our transportation system, lacking as it does in fundamental business principles, so essential to successful industrial activity.

At any rate, under private ownership with regulations we now find trouble in abundance in the attempt to settle controversies between management and labor, with the public suffer-

ing from lack of proper transportation facilities, shortage of coal, higher freight rates and poor service.

It can be easily understood, if the railroads are to be juggled and shuttlecocked back and forth by the proponents of one plan or another, in order to gain a possible advantage or ascendancy, it cannot be accompanied without positive loss and waste to the nation, causing more to block national prosperity than any other single item on the whole calendar of misfits.

If we are to enjoy the maximum prosperity to which the nation is entitled, we must necessarily evolve from this jumbled mass of misfits and inconsistencies surrounding our transportation problems a comprehensive constructive policy, conscientiously followed, that will make the American railroad without a rival in the world in the accomplishment of three essentials, namely, efficiency, service and reasonable charges. The one who is able to formulate such a policy, carried through to successful completion, will have earned enduring fame, conferring on the nation a very great service; a life's achievement worthy of a supreme effort.

There is one thing certain, however, if anything is to be accomplished with the railroads through government legislation, the practices of making railroad issues a political jack-pot for office seekers, using catchy abstractions of

the railroad problems more or less attractive to an uninformed constituency to ride into power, must be discontinued and instead a constructive policy substituted, covering all problems, one that will assure and satisfy the public, that the railroad problems are safely on the road to a permanent solution.

In the formation of a foundation upon which a constructive policy is to be built, the deck should be cleared for action, and a few of the old "sore spots" that have throttled every effort to deal satisfactorily with the situation should be in some way healed or at least buried and forgotten, as part and parcel of a very bitter and repentant past.

In our analysis we shall refer to only a few items to which this healing potion should be applied. There are no two things quite so prejudicial to the present status of the transportation problem in the mind of the average individual, whenever their solution becomes an issue, as the one involving the government's guaranty of railroad investments, based upon an amount alleged to be far in excess of the physical valuation of railroad equipment.

It is difficult for the farmer and others to figure out if it is possible for the government to aid the railroads under a guaranteed profit plan. Why is it not also possible to help a basic industry, such as agriculture, in the same man-

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ner. Also, if it is possible to place a valuation upon railroad property, as a basis of computation, satisfactory to the owner, why is it not also possible to place a valuation on agricultural equipment satisfactory to the owner for the same purpose?

These are the questions that naturally arise, under conditions such as this, making the position of the government in this regard, in the minds of the people, more or less questionable and which may need only proper elucidation to clear up the public mind as to its wisdom or its fallacy.

It is obvious, in formulating a constructive policy under private ownership, the manner in which labor is to be treated will be the greatest factor upon which the mind must center.

Railroad labor, by virtue of its calling, should rest on a scientific basis and upon a very high standard of efficiency.

Labor in a quasi-public industry like railroading, must guarantee service to the public, which must be continuous, uniform and uninterrupted.

To obtain this standard of efficiency and to encourage the proper initiative for its accomplishment, it may not only be necessary but wise to give not only a wage interest to labor, but also a profit interest. A selective labor group, selected on the basis of a high standard of effi-

ciency fully qualifying for both, a wage and a profit interest, should bring out the very best there is in labor, both physically and mentally.

With a selective group of railroad management, combined with a selective group of railroad labor, eliminating the inefficient as well as the many evils hibernating in both camps, controlled and regulated by wise legislative enactments, is a Utopian dream extremely difficult to visualize at the present time, but which is worthy of at least a passing thought in our final analysis, and for which we should be forgiven if human-like we reach out for what may be the impossible and unattainable.

As it now stands from all the difficulties that surround the transportation problem, the public is unable to gather much encouragement other than something in the way of a temporary solution, as nothing permanent seems possible to be accomplished at the present time.

The public must have transportation, it must also have coal, two essential things that the government in its duty and power must see is given to the people on the grounds of public safety and welfare.

The government in doing this, to meet an emergency, may do it as an expedient to tide over difficulties temporarily, without a satisfactory solution of any fundamental principles involved, leaving this problem for a future day to solve.

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Railroads are the great industrial arteries of the nation. The human body is unable to function if the arteries are diseased and blocked, neither is the nation's vitality at par when the arteries of commerce are in process of decay.

In primitive times communities were independent of each other. They were able to chop their own wood for fuel and kill their own game for food, but in these days of highly centralized city dwelling and specializing, where the municipality is compelled to draw its sustenance from the outside, makes the question of proper contact in the exchange of commodities between the city and the country, for the enjoyment and comfort of both, an economic necessity.

Intelligent Americans are beginning to find out that the destiny of the American city hinges more and more upon the efficiency of our system of national transport than any other one factor, and that all questions bearing upon the problems are extremely important for their most careful and deliberate consideration as one directly affecting the prosperity of the whole American people.

THE RAILROADS AND THE FARMER

When it comes to profligate waste, one that in dollars and cents reaches into the millions, saying nothing about the waste in human wealth, there is nothing that approaches in magnitude

the loss to the nation that is caused by excessive freight rates assessed on the products of the farm and which results in decay and waste at the producing station, for the lack of proper and reasonable transportation to near and remote parts.

The *South Bend News-Times*, in commenting on this condition under the heading of what it terms "The Greatest Crime," says:

"If any red from Russia or amateur anarchist from Boston was caught burning a wheat stack, dynamiting a pile of potatoes or spraying trees with a chemical which would destroy fruit, this nation would promptly and properly apply the most drastic punishment.

"Today millions of dollars worth of fruit are going to waste because the cost of hauling to market is greater than the price which is within the reach of the consumers.

"In every large city of this country there are hundreds of children to whom the fruit would be a life-saver. They will not taste much fruit this year. Some of them will not have any personal contact with peaches, grapes, apples or melons.

"Commission houses in Chicago admit sending back checks for a dollar for a carload of fruit. The entire value is wiped out in transportation and the grower is driven by necessity to either take a loss or permit his crops to rot upon the fields and in the orchards.

"The situation is an indictment of the business ability of the nation as a whole. The spectacle of crops destroyed in one section

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while other sections of the country need and demand them as food is its own commentary on our present system of distribution.

"The great crime is the waste, a loss not only to the growers of the nation, but to the health and comfort of the people.

"There are limits to prices which the consumer can pay. Those limits are fixed by wages, by the value of other products, by incomes. When the border is passed, there can be no demand and something is radically wrong when the consuming public is unable to pay a price that will make it possible for the growers of food to feed that public.

"That is the reason a farm bloc exists in Congress. It was brought together to remedy just such a condition. It represents those who raise the food of the nation and the members know that under the present tendency of things, the farmers of the nation will soon be bankrupt while the industrial workers are underfed.

"Senator Capper of Kansas, leader of farmers, told the Senate the other day that bran of a certain kind, which costs \$23.00 per ton to produce, finally costs the consumer \$500.00.

"Somewhere between the farm and the home the border line of value is passed. The farmer bloc may be wrong in principle, but as long as fruit rots on the trees while city dwellers need it to tone up their blood, special groups that are directly interested will be formed."

One of the biggest factors contributing to the low price of farm products is imperfect and costly distribution.

Throughout the mid-west, producing the

largest share of the food supply of the nation, we find a most deplorable situation in comparisons between the price the farmer receives for his grain and what he has to pay for the finished product.

In some of the best farming land in the world we find landowners receiving far less than 3 per cent on their investment and many compelled to mortgage farms to make both ends meet.

This condition has not been generally understood and its importance properly appreciated. The farmer has now concluded that the country shall be made to understand it.

To cover rent, taxes and interest something must be done to distribute his crops, to give him a stronger price and to furnish him a market.

If still another season of low prices follows the two he has already had, a great many of them will be forced out of the food producing business.

With the purchasing power of the farmer disappearing, every other business naturally suffers in consequence.

Better and cheaper transportation, stronger prices, and more outlets for American surplus are three crying demands of the farmer. Give him the first demand and the battle for the other two will be half won.


The maximum prosperity to which the nation is entitled will never be attained, with what the farmer has to sell far below the pre-war level, with what he has to buy so far above.

The economic equilibrium between agriculture and other industries has been destroyed—to the detriment of the farmer.

The farmer not only desires, but is now demanding, reinstatement. He feels that this appeal should not be ignored and to this task the best statesmanship of the land should be centered to give the necessary relief and forestall irreparable injury to the nation.

Basic industries like agriculture and building, the first aids to permanent national prosperity, must necessarily have this consideration.

This is what statesmanship is for and where it should be displayed—in conscientious endeavor.



XI
SUB-NORMAL EFFICIENCY OF
LABOR

We all know before labor can be employed something must be produced, therefore the first thing to consider is production. After production a demand for the thing must be created; then in order to keep labor employed and the industrial machinery running, the demand must keep pace with production.

Executive efficiency in production enables the producer to sell at a reasonable price. Efficiency on the part of the artisan enables the producer to pay a reasonable wage without any material increase in the cost of the product. As production increases, with a consequent increase in profit, the producer is able to increase the wage based upon labor efficiency. It must be remembered that this high point of efficiency on the part of the producer and the artisan can not be attained at once, emerging as we are from a stagnant market, hovering around zero. The goal must be reached gradually, by degrees, and a start made at a point that will encourage all three factors to co-ordinate their efforts in putting the industrial machinery in motion. Labor, in the end, will be forced to accept the principle that efficiency is the basis of all wage increase. In the business world the principle to give something for nothing, or without adequate compensation, will never be recognized. *This belongs to philanthropy.*

This position is not only an injustice to the other factors, but also to the hundred per cent efficient artisan, who sees that the reward for efficiency is no greater than if the effort had never been made.

Without some substantial appreciation of efficiency, in both mental and physical endeavor, much of the inspiration dies and the world becomes the loser.

—*Municipal Problems, 1918.*

SUB-NORMAL EFFICIENCY OF LABOR*

On the subject of sub-normal efficiency of labor, no better exposition of the facts have been received by us than the following report shown in a metropolitan paper which is given in full.

“With some 3,500,000 men out of employment in the United States at the present time, the ordinary activities of labor organizations are considerably altered. Instead of devoting their efforts to obtaining higher wages, shorter hours, and better working conditions, they are now fighting to retain these advantages from the disintegrating influence of idleness.

“Obtaining and retaining jobs are the two chief interests of the individual worker. Such interests emphasize individualism and weaken unionism. For this reason in present conditions it is essential that organized labor takes up the task of putting its membership into jobs. To do so it must first analyze the conditions which have put the workers out of jobs.

“One East Chicago factory man who dismissed a tenth of his force last fall found production increased. He dismissed another tenth with the

* See preface.

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same result. A third tenth was let out with similar results. No more positive proof could be asked that the original force has been doing less than seven-tenths of a day's work. In that way they had been adding to the cost of their product and eventually helped to bring on the reaction and the buyer's strike.

"One loop building contractor found his bricklayers were laying twice as many bricks last November as in November, 1919. Fear of losing their jobs in a slack period made them do a fair day's work. When they had been doing half a day's work for the same money they were adding uselessly to the cost of building, thereby discouraging construction and keeping other building craftsmen and eventually themselves out of jobs. Similar instances have been noted in the building material trades. By decreasing output and thereby raising costs they have helped to discourage building and so reduced the demand of fellow draftsmen."

In such matters as the so-called "door trust" in Chicago, the workers have gone even farther. By refusing to allow the use of any millwork except that made in Chicago union shops the workers, in combination with the mill men, helped to restrict building to such an extent that thousands of men, both union and non-union, were deprived of employment. Such things weaken the whole cause of organized labor.

Sidney Webb, probably the leading authority among the economists on the subject of union labor, and distinctly sympathetic toward unionism, has said on this subject, "In the painful 'Pilgrim's Progress' of democracy the workers will be constantly tempted into bypaths that lead only to the Slough of Despond. It is not so much the enticing away of individuals in the open pursuit of wealth that is to be feared as the temptation of the particular trade unions, or the particular sections of the workers, to enter into alliances with associations of capitalist employers for the exploitation of the consumer."

This is practically what has been done in such combinations as the "door trust" deal in Chicago and in the blackmail cases of New York. They are dangerous errors in organized labor policy. That they are the result of policy, not ignorance, is the assertion of no less an authority and student of the subject than R. F. Hoxie, American economist and author of "Trade Unionism in the United States." On this point Mr. Hoxie says:

"The trade union program—or rather the trade union programs, for each trade union has a program of its own—is not the unrelated economic demands and methods which it is usually conceived to be, but a closely integrated social philosophy and plan of action. . . . It

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expresses the workers' social theory and the rules of the game to which they are committed, not only in industry but in social affairs generally.

"Union labor has done much to promote the welfare of the workingman. It has also done much to retard his welfare and to throw him out of employment at present. If it wishes to retain the advantages it should eliminate the evils."



XII
MORE BUSINESS IN GOVERNMENT

However, an analysis of the expenditures of this government over and above the expenditures due to wars, present, past, or future, has inordinately increased. I am not here to take a partisan advantage or to make a partisan appeal, for this is not due entirely to the direction of the party in power. It is due to a persistent growth of the bureaucratic control, the interest of the personnel of departments and of commissions and of boards and of bureaus and of every other agency ever utilized or ever abused by a paternalistic regime.

There is more power exercised today in these marble sarcophagi by unknown experts, the politically controlled appointee of whispering propaganda, than by the courts themselves. The cost has become unbearable. It has been said that there are 15,000,000 pensioners on public bounty, and if that is true there is an office-holder, a tax eater, on the back of every two tax producers in the United States.

—Stanley.

MORE BUSINESS IN GOVERNMENT

The unrestrained tendency to heedless expenditure and the attending growth of public indebtedness, extending from federal authority to state and municipality and including the smallest political subdivision, constitutes the most dangerous phase of government today. —*Harding.*

Unprepared in military equipment with no policy for war emergency, based upon practical business methods and the necessity for speed in order to meet one of the most crucial tests that ever befell our government, resulted in throwing the wealth of the nation into a maelstrom of needless expenditure and waste that could not well help destroy the thrift and saving proclivities of both the individual and the state.

What would have been the ultimate result, if this condition had long continued, is not hard to conjecture. It would have spelled nothing less than governmental bankruptcy.

It continued, however, long enough to create one of the greatest menaces to this country, a mania for orgies of reckless spending without regard to future consequences and the inevitable day of final settlement.

With the government leading the van in its inability to follow the fundamental principles of thrift and saving, in the elimination of waste and the consequent effect on the individual, has long been a grave source of apprehension to the practical conservative element of the nation.

President Harding's slogan, "More Business in Government," has a tremendous significance to the business world who have feared that the very foundation of future prosperity was being shattered and undermined by this dangerous tendency of the times.

Inflation of the currency, high wages combined with sub-normal efficiency of labor, the opportunity of those having something to sell and the ability to obtain most any price, resulted in the creation of a new line of millionaires, made so, not by the slow process of cardinal business rules and procedure, but by the opportunities of the hour.

It is not strange, therefore, with expenditure based upon the easy and rapid acquisition of wealth, suddenly shifting from the hands of the conservative caretakers of the land into the hands of those untutored and untried in the deliberate school of financial training, that the normal balance has been destroyed, making a return to the stability and equilibrium of the past a slow, tedious and most difficult task.

President Harding's further admonition along

this line is timely and to the point: "Let me remind you, my countrymen, no government can survive that isn't solvent, and in the looseness of our methods today, not only in the federal government, but more menacingly in our municipal and state government, we are spending without a thought of tomorrow and going headlong to popular governmental bankruptcy," and indicates that the ones who have been assigned by us to steady the rudderless ship know only too well that this cannot be done until we get back somewhere near our former footing with minds working along normal business lines in not attempting to do too many new things before the abuses are in a measure corrected.

While it is admitted that there should be more business in government and less government interference with business, it is equally as important that there should be more self-government in business in the conscientious endeavors to eliminate the evils that make government interference a necessity.

The decentralization of government and restoration of community action and local government throughout the country is becoming one of the crying demands of the hour.

As a foundation for better and greater things, it is now conceded by the best minds in the country that the federal government, the state, municipality and individual, after this tremen-

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dous strain, must first learn to functionate conservatively along practical business lines before commencing to build upon a false and fictitious foundation.

The federal administration policy of enlisting the great co-ordinators of the nation to direct reforms of government business administration and to save taxes by recommending and adopting an economical budget marks an epoch in governmental finance that every political subdivision should emulate.

One more thing added to the list of financial accomplishments of the federal administration should be the refusal of further loans to foreign governments and to cease squandering American money in foreign lands; leaving millions of men unemployed and thousands of factories idle to support the warlike governments of Europe.

An able financier says: "Stop the exportation of capital and retain for home use, up-build our own resources, revive our own markets and then, if we will, out of our restored and rejuvenated surplus, make such foreign investments as for good business reasons may suit our ability and convenience.

GOVERNMENT EXPENDITURES

The chief defects or places where waste is apparent in the conduct of the business of the

government as pointed out by Edward G. Lowry, who has made an exhaustive study of the cost of governments, are: "first, the excessive proportion of the government income that went for military expenditure; second, the chaotic condition and lack of adequate supervision of the government departments and the unorganized condition that prevailed in government employment."

It is estimated that the federal government has spent, during the last fiscal year, five billions of dollars.

In addition to this there are other costs of government which total approximately three and a half billions, chief of which is city government.

It is found that the city governments throughout the United States are spending annually from \$25.00 to \$100.00 per family more than they did in 1914. Chicago spending \$70.00 more per family, Philadelphia \$100.00, and so on. Smaller cities also have the same tax spending proclivities. We find Youngstown, Ohio, spending \$80.00 per family, with smaller cities throughout the country doubling their expenditures.

If it were possible to ascertain all the country, village and school district taxes, in addition to the above already mentioned, a still more impressive picture of conditions would be pre-

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sented. In some instances in Massachusetts the direct taxes, including those of the United States Government, comes to \$115.00 a person, or \$535.00 per year per family of five. A limit has been reached where both business men, farmer, rural men, are joining in a nation-wide outcry for relief.

In quoting from the pen of Harden Colfax it is shown that the census figures cover 1919 government costs in all cities of 30,000 or more inhabitants.

“There were 227 such cities enumerated and their population placed at thirty-one million, less than one-third of Continental United States.

“The cost of governing the 227 cities in 1919 was approximately \$1,200,000,000, the census states, although part of the cost was returned in revenues from water works and other utilities which showed a profit.

“The cost of governing these cities was not less, it is generally agreed, in 1920 than it was in 1919. In addition to and on top of this comes the cost of state government, a figure also covered by the census bureau. The forty-eight states spend a net cool \$600,000,000 for their government costs, making the cost of governing the 227 cities and the 48 states approximately \$1,800,000,000 for the year. And again it is conceded that the cost of governing the states in 1920 was not less than in 1919.

"Municipal government costs are recorded by the census bureau, however, only for the larger cities. It is estimated that it costs every man, woman and child in the smaller cities, towns, villages, boroughs, etc., an average of \$20.00 a year for municipal government. In the larger cities the cost was \$40.00 per inhabitant. And as there are approximately 80,000,000 persons living in these smaller municipal units, the cost, therefore, was \$1,600,000,000.

"That makes a total of \$8,400,000,000 for the cost of all government, federal, state, city, town, village and borough.

"In addition to recording government costs, the census bureau also gives figures covering the nation's income, the wages, salaries, and other earnings paid the vast army of toilers in the United States numbered roughly at 40,000,000. Their total annual incomes is placed in round figures at approximately 60 billions of dollars, an average of \$1,600 for every man, woman and child who works.

"Figuring the government cost in averages, the committees find that it costs every wage-earner in the United States—and that term includes the salaried man and woman, too—about \$210.00 for government during the last year.

"Some officials believe that it costs even more than that. In other words, out of every dollar the toiler gets, the government takes twelve and one-half cents."

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In the reduction of overhead charges, business must check its receipts and expenditures and watch closely the inlets where money comes in and more particularly the outlets where the money goes out, in order to reduce to the minimum the cost of production.

Likewise, the government, in reducing to the minimum the cost of government, must watch and study the many outlets through which flows in unremitting streams the colossal sums absorbed annually from incomes of the people.

Through the outlet that went for war last year, past, present and prospect, over 90 per cent of the national income flowed.

The magnitude of government expenditures and the looseness, inefficiency and waste that are part and parcel of the government method, give those who are called upon from time to time to impartially analyze government finances and assume the responsibility, care and distribution of these vast sums, a grave feeling of apprehension and concern.

The federal administration, realizing that government expenditures scientifically administered has become an urgent necessity, has inaugurated a national budget system which promises to become one of the strongest pillars in the whole economic structure of the American nation.

BUDGET REFORM

While the nation is gradually beginning to realize that there are only two routes back towards national prosperity, thrift and production, nevertheless, it is quite well understood by the masses that the first step towards its revival must be taken by the government in commencing at the top to cut out profligate expenditure.

As the outcome of Senator McCormick's efforts to increase efficiency in government, we now have the result of the first measure on his program: the establishment of a national budget system, which was passed by the last Congress but vetoed by President Wilson and repassed by this Congress.

When history is written, it will be found that one of the most important things accomplished by the present administration, resulting in untold economic benefits to the nation, have been the measures taken in budget reform under the direction of General Charles G. Dawes.

In the first report made it shows a reduction of two billions of dollars less than the actual expenditures of 1921.

In establishing a sound system of business operation an important milepost has been reached and passed in the science of government in the United States.

Director Dawes describes the old situation as that of a private corporation whose president gave practically no attention to its ordinary routine business, whose administrative vice-presidents were allowed to run their several departments without enforced contact in the discussion of routine business and as if each separate department were an independent authority, with no executive pressure or supervision, without co-ordination, without a system for making purchases or selling materials under a unified policy. "No balance sheet of the corporation as a whole was ever prepared. No complete inventories of its properties existed. No statement of its current assets, such as salable material and current supplies, had ever been made, nor was there any easy method existing of securing it. There was no proper co-ordination of the various branches of administration and no machinery by which the executive could, even if he had been disposed to, bring effective pressure for economy and efficiency in expenditure."

The waste involved has been continuous and heavy, and of late years there has grown up a demand for modern organization. The enormous expenditures of the war brought this demand to a definite imperative.

After one year of hard work, General Dawes reports that the government can be run not only

as economically as a private business, but more economical than a private business.

In placing the government on a business basis for the first time in its history, it was done by clearing away bureaucratic routine and substituting therefore orderly methods and scientific accounting.

General Dawes found on analyzing the situation that the government for more than 130 years has been keeping no books but a check book, and during all this period the government has never struck a balance sheet.

Dawes conscripted the services of fifteen business men on a dollar a year basis to reorganize the business method of the departments, some of them bringing staffs of their own experts with them.

To show that this enormous reduction of expenses had not "just happened," General Dawes pointed out that of the total amount expended last year \$2,673,000,000 were subject to executive control and therefore could be lessened by better business management. He showed that this year, under the same category, only \$732,000,000 has been spent, a reduction of \$900,000,000 resulting from more efficient and economical management.

More than \$250,000,000 of this prodigious economy is accounted for by the executive pressure for retrenchment and systemization exerted

upon the forty-three departments and independent establishments of the government which heretofore have operated without any central control or direction, each a law unto itself so far as obtaining appropriations and expending money were concerned.

The result of this test, after a year's trial, fully demonstrated what any government down to the smallest political unit can do, with a determined effort in the direct application of fundamental business principles to governmental affairs.

It is also shown by this practical demonstration that there is a potential power lying dormant within the body public, strong enough if called upon and utilized to get underneath and overcome the subtle forces of public and bureaucratic self-interest which with their inertia of monotonous routine have preserved through generations the wasteful and inefficient methods of our federal administration.

Brigadier-General Lord, now director of the budget system, who seems to be a man carefully selected for the job, in a recent speech reveals the reason why estimates of departments and requests for appropriations are invariably "padded" to an amount far greater than needed.

In the language of the new director, "the first estimate submitted to congress was an honest

minimum estimate, without one penny of padding. I was new in the business and went before the house appropriating committee as innocently and guilelessly as a dove. I shudder at what they did to that unpadded estimate—that is to say, their experience in the ways of congressmen and their desire to show their homefolks how much they caused to be cut from the appropriation and that, come to show in furnishing the estimate, a species of dishonesty in that they asked for more than necessary in the hope that they would get almost as much as required.

“The result has been a looseness in administration departments that finally became so bad as to bring forth unequivocal executive determination to put an end to it.”

The benefit derived in establishing a national budget system is beginning to be quite noticeable in the salutary effects it is having upon the different states and municipalities.

In the endeavor to find out just what has been accomplished along this line, our efforts have been finally rewarded in news from Canton, Ohio.

The enterprising city of Canton is so pleased with the exploit of reducing its budget by \$86,000,000 this year that it is telegraphing it broadcast to create envy and amazement among tax payers in other cities.

It has been suggested on account of the fed-

eral administration reproving not only the federal government in running in debt without regard to financial responsibility, but also state, county and municipal governments as well, that the administration should now hang up some sort of distinguished service medal for the municipality that makes the best yearly record for keeping their expenses within their income.

The city of Canton with \$86,000,000 saving might not win the prize, but it would have the comfort of being associated with a more numerous company of cities in the effort to retrench.

The correctness of the position taken, that if the federal government itself should set a worthwhile example in debt-cutting and profligate expenditures it would be an incentive for all forms of local government to do likewise, is exemplified by the retrenchment measures adopted by the city of Canton, and which, no doubt, will be quickly followed by other cities whose taxpayers are laboring under heavy and unjust burdens.

In making a further research along this line, we find not only municipalities but states taking immediate steps to avoid the waste and extravagance of former legislatures and insisting on financial reforms in the immediate future.

They are not content to wait for constitutional conventions in order to obtain a sane system of expenditure, but are calling upon the forthcom-

ing legislatures to enact such measures without delay.

This is the condition in the state of Pennsylvania, which is now faced with a deficit of \$20,000,000 or more.

The candidacy of Gifford Pinchot was a protest against these practices, and his nomination, in spite of strong opposition, means that the taxpayers of the commonwealth want a radical change in methods of public expenditures.

In the past the national government has often set bad examples by careless expenditure of public funds, not only that, but is continually besieged by advocates of many freak laws ready to add still more millions to this overburdened account.

THE TRUE OPTIMISM

False optimism, regardless of real facts in the diagnosis, is not less dangerous than pessimism.

Cultivating optimism by endeavoring to delude ourselves by using it as an opiate to blunt common sense understanding of things is not only dangerous to ourselves, but to the community in which we operate.

The Southern bishop who makes the charge that "he who predicts hard times is worse than a Hun and a traitor to his country," the refrain of which was published broadcast over the land, may be good for one, but a very poor prescription for another.

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A remedy for one may be poison for another. Optimism prescribed to one, conservative in methods and habits, may be in its effects beneficial; to another whose enjoyment and interests of the hour overshadows all thought of the future it may in its effects be detrimental.

The position taken that too much false optimism, unsupported by real facts, in the past few years has proved a loss and a detriment to many beyond repair, can not be successfully challenged.

BUREAUCRACY

From our research, for information as to the effect of bureaucracy on the cost of government, we quote from a report by Oscar Hewitt, whose investigations along this line are quite interesting.

“Bureaucracy came through the World War without a scratch—unless by a pen point. Now it is apparently not only more firmly entrenched with a larger army than before, but it is spreading its power in one direction at least, which will probably make the national administration unpopular with those who pay the government’s bills.

“These bills of hundreds of millions in federal disbursements are now carried on the back of the man who must visit the internal revenue office. Before the war the tariff was looked

upon as the big money getter, because it then paid from two-fifths to one-half of the government expenses. But there has been a change. This year it will pay less than one-eleventh.

“For help to collect last year’s taxes, Congress appropriated \$34,599,190. Nearly every one would assume that the cost of collections this year should be less. If \$34,599,190 was a reasonable expense to collect \$3,214,500,000 last year, most any one would suppose that it would require several million less to collect \$2,571,600,000 this year.

“But that supposition is wrong. The internal revenue bureau says it is wrong. Both the House of Representatives and the Senate of the United States have said so. It will cost more money to collect \$2,571,600,000 in taxes this year than it cost to collect an estimated \$3,214,500,000 in taxes last year.

“For the purpose for which the bureau received appropriations of \$34,599,190 last year, it asked for \$42,999,190 this year, an increase of \$8,400,000 to collect \$642,900,000 less taxes.

“But that was so large that law-making appropriators could not see it. However, Congress was prevailed upon to authorize the expenditure of \$39,120,880 this year for the same purposes for which it appropriated only \$34,599,190 last year.

“Of course plausible arguments were pre-

sented to justify such an increase in the appropriation. The bureaucrats are skilled in this line. It is some art to convince an appropriating body that it costs between 13 and 14 per cent more when the taxes to be collected have decreased an estimated 20 per cent. But it has been done. The bureau started out to show that its expense in collecting taxes will be 24 per cent higher this year than last. This permitted Congress to make a 'big saving.'

"In this instance the congressmen and senators got out their paring knives and slashed \$3,878,310 from the bureau estimates as originally presented. This is one of the items of saving presented by the Congressional Record. The fact is that instead of any saving in this instance Congress appropriated \$4,521,690 more than last year, although the tax collection will be decreased an estimated \$642,900,000.

"What could be more convincing that the bureaucrats of the federal service are still highly influential in the appropriating of federal funds?"

In Mr. Hewitt's report it is seen that there will be 20 per cent less collected by the bureau of internal revenue, that Congress has granted authority to the bureau to spend 13 per cent more, and that the cost of tax collecting has risen 41 per cent.

More positions for constituents, with powerful

influences always at work in behalf of the multiplication of civilian jobs to supply the constantly growing demand of the politician, is one of the weak points in our federal financial system.

About the great pressure constantly brought upon Congress in form of increasing public expenditures by those in power elected to do the spending, the public has but very little knowledge.

It is found that bureaucracy complicates machinery to keep itself employed.

"That red tape is insisted upon in order to find offices for those to unwind it."

That it is an ancient device, originated and preserved in order to give employes something to do.

That it indulges in mulcting the taxpayer of inordinate taxes in order to maintain a public business.

That it employs thousands in doing unnecessary things, thereby creating a loss to industry by the non-production of essential things.

It creates an entangled network on private enterprises that tend to lower its efficiency.

"It invades the private sanctum, imposes loss of time, vexations, exactions and numerous reviews."

It creates a slavery to officialdom that savors much of socialism, under whose banner bureaucracy reigns triumphant.

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It tends toward a complication rather than a simplification of tax laws and regulations, a thing which the government should speedily correct.

It creates a species of demoralization among the taxpayers in "evading hair-splitting exactions and unjust impositions," for which something should be substituted that tends to create rather than to destroy good citizenship and encourage the taxpayer to obey the law rather than to disregard it and to meet his obligation with the government in the best of good faith.

History is replete with many instances of national suffering and economic loss, a result of the spread and growth of bureaucracy.

The French revolution came from the breakdown of a centralized bureaucratic system, which brought France to the brink of financial ruin, resulting first in stagnation, then throttling and crushing private enterprises and finally famine and death.

It behooves the American people, therefore, to get away from the idea that it is easier to pay than to resist and to understand that the tendency to growth and expansion in bureaucracy requires most constant and persistent resistance.

FEDERAL AID

Public warning has been given by the administration, that unless the expenditures are kept within the limits of prospective revenues the pruning knife will be used to prevent a deficit.

This question, however, should not be passed by without giving some consideration to what degree "federal aid" is contributing to the cost of government.

The federal government has assumed the right of directing certain beneficent improvements in national welfare which may be carried on within the confines of any state wishing to co-operate under certain conditions.

While it is true under "federal aid" plan there are many good things on the program worthy of the greatest consideration, such as education, child-welfare, good roads and public health, at the same time, nothing can be accomplished on the stupendous scale outlined without the use of a great deal of money which must be raised somehow, somewhere, by somebody.

In our analysis "federal aid" may appear to be a misnomer. It has been truthfully said that "federal aid" is one of the most deceptive phrases invented in this era of phrase-making, for the reason it implies assistance whereby something may be offered and received for which the recipient pays little or nothing.

It must always be kept in mind that for what-

ever is produced something must be paid, and if offered to the public by the government the people of which it is composed must necessarily pay the cost.

This is largely lost track of in "federal aid" transactions, as it strikes the individual rather indirectly. Nevertheless, in the aggregate the amount of taxes paid by the taxpayer in a given period, may rest assured, is always included somewhere along the line, although not specifically classified as a "federal aid" transaction, so as to be discernible as such to the naked eye.

We have been hearing a great deal lately about inventing taxing systems, whereby taxes may be assessed and paid unconsciously by the taxpayer, thereby relieving one of the great mental strains that usually accompanies abnormal tax assessments.

The psychological effect of such a system seems to be extremely satisfying, especially to the one who is able to live, thrive, and console himself with the philosophy that "it makes no difference so long as you don't know what hurts you."

In "federal aid" transactions the people contribute in two ways, one through the federal government, the other through the state government.

To pay for what the federal government contributes to the state, the money is collected from

the people of the nation by the federal government revenue tax collectors. What the states pay to match up the gifts of the federal government must be collected from the people by the revenue tax collectors of the state co-operating in the deal.

In other words, the money used in "federal aid" transactions must be paid by the people of the nation, as a whole, and also by the people of the state co-operating with the federal government.

It is proverbial in governmental financing that extravagance accompanies expenditure on investment of public funds.

It is also an indisputable fact that an employe working for the government does not give as much service as he does in working for the individual.

The creation of new jobs by the government, solely for the purpose of giving employment, is a thing unheard of in the management of industrial enterprises, working conscientiously in the interest of the stockholder.

Money paid for salaries in many cases would be lower if based upon actual services rendered.

It can be readily seen under these conditions that the states which accept "federal aid," assuming these inevitable leakages, must necessarily gauge the appropriations accordingly. Consequently, in the natural growth and expansion

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of the "federal aid" system, it is not difficult to see that the states are destined to lose more or less control of local taxation rates.

The municipality, laboring with the same principles within the state known as "state aid," is affected in the same manner. For that which is true as existing between the federal government and the state is also true as between the state and municipal government.

Our attention has been called to a detailed statement that has been obtained from the treasury department at Washington of millions which, under existing laws, are appropriated annually from the federal treasury or pledged for future appropriations to carry out the various "federal aid" plans that have been invented in recent years.

The total, it is reported, is an astounding one, particularly when it is remembered that it is to be doubled at least by the sum of state appropriations that are necessary if the states avail themselves of the questionable advantages offered by the federal laws.

So we see in "federal aid" transactions, as well as in other forms of taxation, that the growth and expansion of the system, the natural attributes of every species of human endeavor, must also have its limitation by proper checks and balances, so as to conform to the economic welfare of the nation.



XIII

THE FINAL ANALYSIS

At times one cannot help feel, in the endeavor to solve the multiplicity of both national and international problems with which we are confronted, what a good thing it would be if we were only able to pause just long enough to take a business man's inventory of our assets and liabilities and gather up the fragments and settle the old before undertaking new and untried ventures.

In their solution these problems need, more than anything else, an unlimited supply of common sense, patience and courage, not only in international, but national reconstruction as well.

Ever since the armistice was signed, impatience at the delay in the revival of the building industry has been continuous and prolonged, without much thought being given to anything that would, in a practical way, ameliorate the conditions so as to encourage activity.

This impatience indicates only too clearly the feverish turmoil underneath the surface and the abnormal condition of the world, not only physically, but mentally. When this feverish tension is relieved and relaxation follows, we shall all realize that this is about the same old world after all, functionally weak and all out of tune now, but organically and constitutionally sound and strong enough to fight all battles and weather all storms.

—*Municipal Problems, 1918.*

THE FINAL ANALYSIS

There is always a limit, where the upper tendency in prices may go, and when that limit, and one point beyond, is reached, automatically the demand ceases, the vibration of the pendulum backward and forward continues in the endeavor to find a congenial point, where it may become stabilized by the co-ordination of these three elements, so that supersensitive capital may again step in to play its most important part.

—*Municipal Problems, 1918.*

In the final analysis we reach the conclusion that in building construction labor is by far the most important factor entering into it.

The mind of the average individual, in speaking of labor in connection with building construction, usually rests on the labor it takes to assemble into a building the material piled around the building site.

He fails to consider that all material, lumber, brick and stone, represents stored or frozen labor.

From the tree in the forest, from the stone in the quarry, from the clay in the kiln, to the lumber, stone and brick on the building site represents labor in its greatest proportion and most concrete form.

Labor is to a building what moisture is to the

human body. Without either very little remains to be utilized, so in the final analysis the cost of building construction depends upon labor more than any other factor.

In other words, labor becomes the final arbiter in deciding building cost, and upon labor's decision the future cost of building construction primarily rests.

Now, with this one fact thoroughly understood and firmly fixed in our mind, we proceed to the next step in our analysis. If it is decided that the prevailing price of all the labor entering into building construction is to be the permanent wage rate, we find that a building costing \$8,000 in normal times now costs \$16,000. The house that rents in normal times for \$25.00 now rents for \$50.00, one at \$40.00 now \$80.00, and so on.

In other words, under the present wage scale rents will always remain high, necessarily so in order to pay the interest on the investment.

It is impossible, therefore, to have one without the other. If rents do not increase in proportion to the increased cost of construction, the incentive to build is lost and a curtailment of building construction and employment naturally follows. If building labor has determined to maintain this present position, it must therefore publicly proclaim itself for a double priced house, carrying a double priced rental.

The next proposition that confronts us in this analysis is, Is labor strong enough in this position to hold out long enough to convert the home builders to the fact that an \$8,000 house will always be a \$16,000 house and a \$50.00 rental will always be a \$100.00 rental?

For without this conversion it is obvious that the home builder will refuse to act. It is also true if capital and the home builder can be converted to the idea of a double priced house and a double priced rental all our troubles will be solved and the keynote to industrial activities will have been struck.

In this analysis we have reached the period of conversion. In reaching this point another element of great importance forces itself into our calculation, and that is the *element of time*. We are now forced to ask how long it will take labor to convert the home builder to his point of view, or how long it will take the home builder to convert labor to his viewpoint.

If labor is determined in this position and figures on maintaining it at any cost, it means a certain length of time must be laid aside within which to make this conversion.

If the home builder is determined in his position he must also do the same thing, so the element of time on the part of both labor and the home builder becomes now the most important factor in the analysis. It resolves itself

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on how long a time labor can afford to wait for this conversion of the home builder or how long a time the home builder can afford to wait until labor is converted.

So we have reached the point in the road where labor and the home builder are resting.

We have come up to the same old stone wall in the road that we have been trying to get around in so many different ways, with the problem still unsolved.

In this period of conversion the home builder has not only himself to convert, but capital as well. He must not only convince himself that he is able to build a double priced house, pay more interest and make double partial payments, but he must also convert capital into the idea that he is able to make these payments and take care of all possible shrinkage in values without defalcation.

While the home builder is endeavoring to convert capital, labor must also do some proselyting on its own account.

It must convert non-building labor, comprising all labor not directly entering into building construction, the artisan, the salesman, the clerk and that vast army of those of limited means, all wanting homes, into the idea of a double priced house, carrying a double priced rental value.

We now find the destiny of the building in-

dustry centralizing around two important groups, the home builder and capital on one side, who refuse to enter an abnormal market, and the triangle (labor, material-man and contractor) on the other side, who are unable to build at a price that the public will buy.

A formula that will throw into seething activity these tremendous constructive forces of the nation will be the most important discovery of the hour.

One point, however, must be kept in mind whenever the relationship between labor and employer is under discussion, and that is the solution of the problem does not rest or depend altogether upon the harmonious relationship existing between labor and employer as to wages, if the wages are so high that an article can not be manufactured at a price that the public will buy and continue to buy without interruption.


While labor and employer may agree harmoniously as to a satisfactory scale of wages, if the scale involves an increase in the cost of production to consumers and consumption for this reason falls off, employment will fall off and the total sum disbursed to labor at the end of the period may be much less than if the wage rates were lower.

All must become reconciled to the inevitable


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fact that the day of selling anything at any price is gone, never to return.

There is a certain price for every product that encourages the largest sale and promotes the greatest distribution. Toward this point labor and employer must persistently guide their subtle forces until the congenital point is reached and the equilibrium finally established.



XIV
THE CITY AND THE TAX
PROBLEM



The nation-wide outcry against over-taxation has reached a point where the individual protest has become ineffective and which sooner or later will result in forcing the tax-ridden public throughout the land into an organized effort for relief.

—*Municipal Problems, 1921.*

THE CITY AND THE TAX PROBLEM

The tremendous tax burdens under which the whole world is staggering are more than anything else responsible for the world-wide business depression.

Next to freight rates and wages, taxes have more to do with business than anything else.

There is no department of governmental activity more difficult of administration than taxation and assessment, and it has been truly said, "There is no department where equity is more essential. There is no department where inequity has more disastrous consequences to business and industry, on the prosperity of which citizens generally have to depend for their living."

Not only do we find it so in this country, but also in Canada we hear, "owing partly to necessarily huge increase in national taxation and partly to the spectacular increase in municipal expenditure, cities everywhere are at their wits' end to discover new sources of taxation."

Too often amendments are made to municipal taxation and assessments legislation without a full appreciation of secondary results. Too

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often the motto is, "get the money where it is the easiest to get without due consideration to the canons of equality in taxation."

It is obvious, if we still persist in calling upon the goose to lay the golden egg, we must not burden him too heavily with the local and national load.

It becomes a problem, therefore, of the utmost importance for the government, the state and the municipality, each in their respective spheres, to see what can be done in the way of eliminating ruinous over-taxation and to encourage capital to come out of its hidden recesses into the open channels of industrial activity.

EXCESS PROFIT TAX

To show the effects of over-taxation upon the growth of the municipality, an illustration of the practical workings of the excess profit tax will give some idea of the retroactive effects of certain forms of tax legislation that aimed to cure one thing and in its effects crippled another, or as another puts it, "the gallows which Haman had erected to hang Mordecai have been used for the execution of their builder."

The excess profit tax, aiming to make the profiteer pay his just proportion of the cost of government, measured on the basis of what a certain class was able to make out of war con-

ditions, overlapped in its effects upon another class, operating under serious loss and excessive overhead expenses caused by the same war conditions.

The expansion and beautifying of our cities is largely due to the vision and initiative of the subdivision, the individual who, in his mind, is able to visualize barren acreage into beautiful parks, broad avenues and artistic landscaping effects, who, not unlike the painter, has outlined in his mind's eye a great theme, his conception of which is transmitted to canvas for the enjoyment of the ages.

This vision, this desire to create something, may be partly due to the natural cravings of an artistic temperament or obsessed with a philanthropic trend to do something for civic betterment and public good, combined, possibly, with a desire to realize from the investment something in the nature of a financial return.

For it must be known, to build a city it takes something more than a vision which may, in a flash, be scattered to the four winds by one cold blast of discouragement.

It must also be remembered that the vision is not always conjured in the mind of the one who has the money to carry it out, but is more often in the one who is unable, financially, to make his dreams come true.

Upon the purchase of the land the sub-

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divisor's first thought is the design, the plan and specifications, so that the dream picture may be firmly rooted along practical lines, with all details for a progressive development carefully outlined, step by step, which in course of time, may be transplanted from the intangible realms of fancy into a thing of material beauty and substantial reality.

To finance, in its entirety, a venture of this kind in every detail, with the least possible delay without permitting the element of time to enter and work out a gradual development, would not be practical, even if it were financially possible, unless conditions were extremely favorable in order to reduce to the minimum the financial risk and hazard.

In its consummation a gradual progressive development, therefore, is the one usually followed in order to be within the conservative boundaries of safety.

Cutting through broad avenues and opening up park areas and other distinctive features of the design, to properly display the lay-out and the different zones of improvement followed by essential public improvements, to furnish proper access to various parts and parcels, is the first undertaking.

The next step is to make the investment as active as possible by improving certain near-in sections for immediate sale, so that the profit

derived therefrom may be used to extend the improvements into the more remote areas, and in that way gradually work out the developing scheme by taking the earnings of one portion and extending them to the improvements of another.

The excess profit tax created sad havoc with the subdivisor's plans in this regard by taking from his earnings that portion of his working capital used in the extension of his improvements, making it impossible to go forward without additional outside capital.

To introduce outside capital is a reluctant and oftentimes difficult thing for the owner to do, on property from which an adequate income is not sufficient to take care of the interest on the investment, to say nothing about the excessive overhead charges, combined with the discouragement that would be the natural result of such adverse conditions.

Consequently, throughout the country, on account of the operations of the excess profit tax, we found the expansion of our cities in the outlying districts had suddenly ceased and capital formerly used in developing subdivision property withdrawn and owners patiently waiting for a repeal of the excess profit tax before continuing operations and marketing property.

Likewise, the operation of the excess profit tax has had the same effect in other lines of

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industry. Any business organization earning annually \$200,000, subject to excess profit tax, could not turn back into the industrial field, under certain conditions, more than \$120,000 of this amount.

The industrial earnings of the United States, ranging from \$3,500,000,000 to \$5,000,000,000 annually, would mean, under the operation of the excess profit tax, an annual withdrawal from the industrial field from 20 to 60 per cent of this huge amount.

Money earned in industry usually remains in industrial centers, loaned and reloaned in the same congenial lines of investment for the ultimate good of the industrial operator. This withdrawal of capital not only reduces dividends, but also curtails improvements, limits business expansion, discourages production, encourages unemployment and de-energizes business generally.

A chain is no stronger than its weakest link, and a country in its economic structure no stronger than the various political units or subdivisions of which it is composed.

To rebuild and reconstruct our country we must leave to the town, municipality and every other political subdivision everything it needs to supply the nourishment for its self-development, so far as it is possible.

To divert this nourishment from natural

channels into world streams of wide distribution is as unwise as it is unjust, for the reason it takes away from the unit that potential strength so necessary to the upbuilding and creation of a great and growing nation.

Experience is gradually teaching us that all possible retroactive effects of proposed tax legislation should be picked out, carefully considered and analyzed in advance in order to retain and preserve, so far as possible our proper economic balance.

OVER-TAXATION

Over-taxation has become a part and parcel of a nation-wide outcry against local government expenditure. Protests and complaints against serious over-taxation are reported far and wide, from large and small cities, farmers and business men, everywhere throughout the land.

It is not alone the billion dollar levies from Washington that are engaging the attention now of the masses, but the near-by burdens at home are making the average citizen a close and anxious student of the subject of taxation as it gradually approaches the border line of confiscation.

It is now suggested, in order to reduce federal taxes, the organization of taxpayers' associations in every township, village, city or county

through which the average citizen may make effective his demand for relief from mounting government taxes.

The position taken is that it is only by pressure from the folks back home that relief will be secured, and in order to make the demand of constituents effective on Congress taxpayers must be organized.

The argument that this would aid in two ways is extremely good, one that will have a more powerful direct effect on Congress, the other that it would provide opportunity for thorough study and discussion of the whole subject of taxation and give all the people interested a better understanding of the matter at issue.

In order to give a more comprehensive idea of the outcry against public expenditure three reports, one each from the east, west and middle west, are given, showing how universal and nation-wide the outcry has become and how unconfined it is to any particular class or locality. From the east we quote Cornelius Vanderbilt, Jr., of *Universal Service*, as follows:

“Higher efficiency from working people, greater economy from rich and poor alike, is the basis of permanent prosperity.” Charles M. Schwab says so and advises American people to follow this precept during 1922.

Mr. Schwab, always an optimist, asserted the

country has negotiated the rockiest turns on the national business highway and is well on the road to prosperity.

"We don't want a boom," he said. "We don't want an easy, rapid inflow of money, for this will create short-lived prosperity. What the country does want is a slow filling of the sails of the ship of industry. Commercial hurricanes and business squalls are not conducive to permanency of American business.

"These commercial ups and downs have a tendency to demoralize industry. We need a slow, consistent growth which will prove a wall against disastrous reactions. Barometrical rises and falls are not only unwise but injurious to the country.

"An important problem is proper taxation of people engaged in business that will permit usual initiative in business, so that our financial and industrial leaders will be encouraged to proceed, as in years gone by, instead of putting their money into tax-exempt securities.

"Business must be freed from taxation to make it appealing to the small business man and to men with large visions for the future. Our young business men must not be denied those opportunities that in the past have raised American business to a high state of achievement. Ruinous over-taxation is destructive to these ideals."

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From the west we quote the *Breeders' Gazette* on the high cost of government, which also includes a quotation from a country weekly published in Kansas, as follows:

"Next in importance to complete deflation of war wages in all lines of industry and deflation of railway freights comes deflation of public expenditures. For the last twenty years there has been a perfect mania for creating new offices, new boards, new commissions, new bureaus, until we see today the hand of government and in this country that means usually the hand of the professional politician in nearly everybody's business and everybody's pocket to an extent that seriously represses new enterprise and stifles individual initiative."

An amusing, and of course overdrawn picture of the situation, as it affects even purely agricultural districts, appears in a copy of a typical country weekly newspaper published in Kansas, the *Paola Spirit*, as follows:

"Fate seems to have made the year of 1921 extravagant in its trials, sieges, besetments, demands, commands, taxation, robberies, bankruptcies, thefts, diphtheria, smallpox, etc. The average home has been overrun with solicitors, beggars, government officers, state officials, inquisitors, promoters, peddlers, and busybodies. A special car of the state health board, in charge of a richly gowned and jeweled young woman,

came to town not long ago and mothers were commanded to hurry to the depot and take instructions as to how to raise their babies; then came a government nurse, another unmarried lady, weighing the babies and instructing the mothers the sort of infants they must give birth to hereafter or quit the business; and now farmers are notified that they must pay a specialist from one of our higher institutions of learning to tell them how to feed the hogs.

“Safe to say there are in Miami county today 500 officials, national, state, county, township, city, and district, telling the people what they must do and what they can’t do; spying into their homes, their private accounts, their methods of life, laying down the law as to what they shall eat, drink, wear, buy or spend; where they shall go, and when; to bare their arms for vaccination, show the baby’s back, recount all family diseases, tell the inspecting nurse where you sleep and why married or why single; show up your bank account, your debts, your tooth-brush, and a record of the number of days your child has attended school the last month.

“Upstandingly and outstandingly the average men, women, and children are exploited, restrained, assessed, directed, advised, prohibited, mulcted, admonished, threatened, examined, criticized, prayed for and preyed upon, until they are about ready to do as the masses did

in England seven hundred years ago, run into caves and rudely chalk on the outer walls, 'No money; no religion!'"

Seriously, have we not been overdoing this government intervention in private business?

From the middle west we quote the Urbana (Illinois) *Courier* of recent date as follows:

"The taxing authorities, from the state down to the school district, will do well to call a halt. In a period of business depression, almost without exception, they have voted increased tax rates. With the value of farm lands cut in two; with hundreds of farm tenants either potentially or actually bankrupt; with returns from field and pasture hardly sufficient to pay taxes and interest; with many a workman in the cities idle for lack of a job; with prices on practically everything else in the world dropping, the cost of state, county, city and school government goes steadily up.

"It is time to call a halt.

"When times are good we may not like to pay taxes, but it is possible and practicable to do so. When times are as they are today, in the case of many a property owner high taxes amount to confiscation.

"The trouble is not altogether with the tax fixing bodies. The fundamental difficulty is the continuous effort to saddle on to the public treasury one innovation after another, each of

which adds to the tax rate and provides additional jobs of a more or less soft nature. Whenever any new scheme is proposed for promoting the public weal, you may rest assured that it will eventually take the form of added taxes. Do we pension the police? We pay for it in more taxes. Do we pension the fire department? The money for that comes out of your pocket, in addition to what you are already paying. Do we inaugurate a new zoning system? Well, if we do we will pay a pretty penny for that, and your tax rate will go up again.

“Neither the city council, the school board, nor the board of supervisors can perform miracles. If you will have this additional service you must pay the piper.

“We constantly kick because our schools are no better, and then jump on the board if it tries to make them better in the only way it can,—by spending more money out of your pocket.

“If we criticize the city because some parts of town are not better lighted, or because insufficient police protection is provided, or if the streets are not always clean, or any other thing of this nature, we have no one but ourselves to blame if the attempt is made to supply what is demanded, and the bill eventually finds its way to father at tax-paying time.

“Last summer we voted to organize a new

sanitary sewer district. It may be that such a thing is imperative. Whether it was or not we are sure of this: It added 22c to the tax rate. We voted it on ourselves, so whom shall we turn our wrath upon in this instance?

"We repeat. The trouble is not with our tax-fixing bodies, but with our own intemperate and ill-considered demands. We are like a child at the circus, we want everything we see. Whenever any one suggests a new way of spending money, we are for it. To be against it is to be unprogressive and a mossback.

"Some may point out that the *Courier* should be the last to kick about this spending orgy, since it has favored so many of these proposals itself, and has been insistent upon public improvements, no matter whether prices were high or low. To some extent this is true, as it felt that there were some improvements so essential that we could not get along without them. But a great majority of the innovations of the last few years that have caused our tax rate to swell to such volume, the *Courier* has neither advocated, nor favored, but has actually opposed.

"But it isn't a question of whether the *Courier* was right or wrong in the past. It is a question of what we are to do in the future; what our attitude will be toward new proposals calculated to suck blood money out of the public breast.

It is a serious question whether many people can pay the taxes now assessed against them. It would be the height of folly to drive great numbers of people into bankruptcy or cause them to lose their property because they could not pay taxes.

"This is the time to reduce taxes, not to increase them.

"It is the time to call a halt."

Coincident with periods of depression, we find a wave of profligate expenditure of public money takes possession of certain classes, apparently without a full realization of the fact that somewhere along the line somebody must pay the bill.

It is oftentimes quite noticeable upon the part of present-day advocates of high taxation that much more stress is made in spectacular efforts to get the money than in the more tedious routine of how to economically use it after it is gotten.

There are many thrifty people assuming leadership in public affairs of today advocating the use of all their earnings in the activities of the present day expenditures of life, relying on the protection of the family to the life insurance company, or the providential windfalls of the future, thereby enjoying the results of their earnings in the heyday of youth, feeling confident and secure in the protection thus provided.

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This theory, for the individual and his application of it to governmental affairs, would undoubtedly be good while the going was good, but extremely bad when the going happened to be bad. If perchance such a theory should ever become the universal rule, it would surely place a very grave responsibility, not only on Providence, but on the insurance companies of the land as well.

In that event it would be extremely difficult to figure out in what way the great reservoirs of wealth would be created to tide it through the inevitable days of depression, always sure to come, into a stable and more prosperous period rather than fall into the pit by the wayside from the first cold blast of adversity.

TAX-EXEMPT SECURITIES

It is found that capital has been withdrawn from industry in great quantities, not only in this manner, by the operation of the excess profit tax, but also by the issuance of tax-free securities.

Economists tell us that the increase of free-tax securities by the state, county and municipalities amounted to over \$1,300,000,000 in 1921, and that already ten billion dollars of American money had gone into free-tax bonds, and in a few years it is predicted that thirty billion will be withdrawn from the productive industry and placed in safety deposit vaults.

If this continues a short time we will have so large a part of the income of the citizens of the United States invested in these states and local tax-exempt securities that the government will have to increase the rate of income tax to unheard of figures. The drift of wealth into non-taxable securities is hindering the flow of capital into industries, manufactures and agriculture, until we are discouraging the very activities that are making our wealth.

We are also reminded that to prohibit the issuance of tax-exempt bonds by constitutional amendments would require years, giving time to issue more securities, and that if a national law were possible it would be difficult to make it constitutional; so with more or less anxiety the nation is watching and wondering what form of weapon the government may use to destroy the enemy that is sucking dry the industrial fount.

Tax-exempt securities take away that potential power so essential to industrial activity, increases the value of municipal and state-exempt bonds and becomes a safety box for hidden wealth, or as another appropriately calls it, "A vault for dead money, therefore a detriment to the wage earner."

"Municipalities, precincts and corporations," says Sinclair Moss, "have been tempted into issue of bonds for public purposes far beyond

the natural ability to pay, because the reservoirs of money were waiting to be tapped."

The consequence of high incomes on one hand and tax-free securities on the other naturally begets the most colossal tax dodging system ever established on a national scale, with the growing tendency of driving rich men engaged in productive industry into retirement and idleness.

TAXES AND RENTALS

By the issuance of tax-free securities it is found in the settlements of a number of very large estates that incomes have been increased in some cases as high as \$500,000 annually by merely disposing of industrial and other taxable securities and reinvesting in tax-exempt bonds.

It must be remembered that a dollar invested in tax-free securities ceases automatically to contribute to local state and federal government costs, forcing the burden on realty and other tangible and intangible property.

It is said that the loss to the government from tax exemptions amounts to about six hundred million dollars annually, and that when the amount of tax-exempt bonds equal the value of farm land of the nation, it means that even an acre of farm land will be carrying approximately a double taxation.

The money that goes into tax-free securities, it is seen, can not be used for business or farm-

ing purposes. That is the reason we see cities and states carrying extensive and oftentimes extravagant programs of public improvements during periods when individuals in industry and farming find it difficult to procure funds to keep business going, forcing, by official authority, realty owners into an abnormally high construction market in the purchase of material and labor which the officials themselves would be very reluctant to enter on their own account.

From the *Fargo Forum* on the subject, why rents are high and about things wage earners ought to know, the following is quoted:

“Many factors enter into the rental situation, but there are two outstanding causes which continually present themselves. These are the high taxes and the tax-exempt securities which have flooded the investment markets.

City, school, state and federal taxes have been increasing at such a rate during the last ten or twenty years that it probably would amaze the average man to know how much of his working time is devoted to earning money enough to pay them. With a federal budget of \$3,000,000,000, every man, woman and child pays an average of \$30 a year in federal taxes alone. For a man with a family of five that means \$150 a year. Add the municipal, school and state taxes to that and the total sum becomes somewhat staggering.

“On top of this crushing increase in taxes come billions of tax-exempt securities. The result is inevitable. The man who has any surplus money hunts for tax-exempt securities.

“That means that investments in buildings have to compete with these tax-exempt bonds. A gross return of 15 per cent on a building is not exorbitant when allowance is made for taxes, repairs, and upkeep. That means \$900 a year for a \$6,000 house.

“And yet the average workingman on a small salary or working for day wages does not realize that such things as taxes and tax-exempt securities mean anything to him. He figures he doesn't have to pay taxes anyway, and that the rich man 'should worry' about such matters.

“You can't drive capital into unprofitable lines. It must be coaxed. You can't legislate it into unattractive channels. For years demagogues have found it a popular cry to 'soak the landlords.' The landlords have grown tired of being 'soaked' and the number of them is decreasing instead of increasing. They are putting their money into tax-exempt bonds instead of into apartment buildings and houses to rent, because they get as big or bigger returns with greater safety and complete freedom from worry about new tax laws that may be passed.

“Hundreds of self-respecting, hard-working citizens are finding it almost impossible to pay

the rents demanded for quarters which are hardly fit for human habitation, and which certainly offer nothing in the way of comforts, to say nothing of luxuries."

TAX ON REALTY

Real estate will ever be made to carry the burdens of taxation, for the reason it can not be placed in hidden recesses in escaping tax assessments, but is always in the open, vulnerable to all attacks.

Whenever over-taxation approaches close to the border line of confiscation so as to make strong inroads on the income of real estate, with strong possibilities of absorbing portions of the original investment, the owner fully understands and realizes more than anyone else that it means only one thing, and that is depreciation in the value of real property.

The importance of increasing taxation on realty must not be overlooked in its effects on rentals, as well as on building construction in retarding the flow of capital toward the building industry.

Builders and investors realize whenever taxes are once levied they become fixed and are very seldom reduced, but more likely to be, unremittingly, increased, while on the other hand the revenue and income from buildings fluctuate and are, more or less, subject to depreciation without warning.

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It is contended that in the State of Illinois the valuation of tangible and intangible property is somewhere between twenty-five and thirty-five billion, some placing it as high as fifty billion, and that if all property were taxed without discriminations, the tax rate would be very low. There seems to be a reluctance in placing too high a rate upon intangible property, or in adopting such methods as will bring intangible property under the searchlight of the assessor.

The reasons advanced why it is wrong to tax intangibles at the same rate of tangible property are quite numerous, comprising in the main the following: It would be double taxation; it would prevent business in carrying large reservoirs of liquid assets, forcing money out of bank deposits, damaging building and loan associations, and, unlike tangible property, its value is specified and more definitely fixed, making it possible for assessors to assess at full market value, whereas in real estate, which carries no definite fixed value, it would receive a lower valuation, therefore intangibles should be assessed at a much lower rate.

In the State of Illinois, for the last three years, the assessment valuation has been fixed on the basis of one-half the full valuation instead of one-third, as in former years.

In looking over the assessed valuation for the last few years of a number of Illinois cities,

it is found that while the tax rate, in the start, on the one-half valuation plan, was little lower than it was under the one-third valuation plan, the general taxes in the aggregate were higher; but in the last two years the rate has also increased in some instances, being a great deal higher than the very highest rate under the one-third valuation plan.

It is found that taxes on city realty have not only been increased by increasing the valuation from one-third to one-half, but at the same time increasing the rate under this plan so the rate now stands, in some instances, 15 to 20 per cent higher than it did under the old one-third valuation plan.

For this reason the public is becoming more or less skeptical over increased taxation propaganda, although it does not seem to be quite awake to the full significance of the fact that in obtaining legislation to increase the basis of the valuation of taxation to one-half instead of one-third, it was gotten through on the theory that the rate of taxation would be lower and the general tax not materially increased.

This, however, has not worked out in practice, but found to be only a stepping stone for further tax increase, and every step so far taken has increased taxation and fixing a still higher rate from which there seems to be no immediate recession.

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Creating entering wedges in this manner, taxation has gradually crept up within the last few years without much knowledge on the part of the general public just what was going on until it was all over, later forgotten, to be repeated in a similar fashion and so on indefinitely.

The endless chain, thus continues unremittingly, until a point is reached when something must happen before any substantial correction can be made. Rather an extravagant and expensive drifting program to follow, but one which apparently cannot be reached and remedied in any other way until the indifference and apathetic condition of the public is finally aroused.

The inequities of these forced contributions oftentimes result in retaliation that directly or indirectly shifts the burden back upon the shoulders of those least able to pay.

In order to show how the rate of taxation is apportioned, we give below a diagram selected from a dozen cities in the country of 15,000 population and which will give a good idea of the relative importance of each item that goes to make up the aggregate amount that the taxpayer is contributing in the maintenance of the different items of public expenditure.

In showing this table of itemized tax rates, it is done to give a better idea of how the tax

rate is made up and what particular item on the list is forcing the rate to its present high point.

	1917	1918	1919	1920	1921	1922
Percentage of valuation	$\frac{1}{3}$	$\frac{1}{3}$	$\frac{1}{3}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Annual Valuation						
State	\$0.90	.75	.40	.40	.45	.45
County .....	.41	.44	.29	.50	.75	.75
Town .....	.05	.08	....	....	.07	.07
Roads and Bridges	.50	.40	.36	.40	.36	.36
City	1.65	1.67	1.62	1.70	.78	1.78
Park .....	.10	.10	.07	....	.07	.07
School	2.98	3.00	2.67	2.67	2.75	4.00
Sanitary District..	....	....	....	....	.22	.22
Total rate.....	\$6.59	6.44	5.41	5.67	6.45	7.70

The above table shows three years of taxation with the percentage of valuation figured at one-third, and three years figured at one-half. It shows that taxes have been increased by raising the valuation from one-third to one-half, and that after so doing the total rate of taxation has been advanced so that now under the one-half valuation plan, it exceeds the highest rate under the former valuation of one-third.

Also for the purpose of studying what method of economic and efficient management may be employed to gradually reduce the tax rate and bring it back to its normal position.

From the foregoing table it will be seen, in making up the rate of taxation for the year 1922, out of nine different items that composed it and makes up the rate of \$7.70, that \$4.00, or over one-half of the whole amount, is the one item of school tax.

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It is nothing more than natural, therefore, that the school rate, being so high, will attract more or less attention on the part of the public in any critical analysis of the taxation problem that will be made from now on, not for the purpose of taking away from the school anything it may need and should have, but more as to how the fund is managed and to what extent the application of good common sense business methods may be applied in the handling of expenditures, and to satisfying the public that this is being done.

Upon top of all this, every four years the tax on realty may be further increased by the re-assessment of the property and increasing the assessed valuation.

All of which goes along merrily, with the public hardly realizing it, for what is the use of blighting the pleasures of today with the frightful nightmare of taxation of tomorrow?

It is a universal experience, as exemplified in the above, that all taxing bodies tend to use all the money they can raise, and it would be a short time until each tax authority was again levying the limit, even though at first the assessments were so large that a lower rate would produce more revenue than it now used. As one of our Illinois legislators puts it, "from all indications taxes are going to increase instead of diminish if the state is to continue to go into

the various more or less socialistic enterprises upon which they seem to be embarked." Each new enterprise that comes along, taking more taxation, seems in itself to be a very good thing, and members of the legislature as well as good citizens generally dislike to fight them. But a halt must be called somewhere. We must urge greater efficiency generally with higher standard of efficiency among public officials, and a refusal to go into any further fields of governmental activities.

The result must be, if this continues, in the rapid withdrawal of wealth from real property and re-invested in intangibles, and more especially of the tax-free variety, which would naturally lessen the rapid growth of the city in destroying the incentive of builders to build.

The effects of over-taxation on building construction would be in a measure overcome if the state would pass a law similar to the one now in vogue in the state of New York, exempting new dwellings from taxation for a certain period.

By granting this exemption it would go just that far toward offsetting the present abnormal cost of a portion of building construction owing to high cost of labor and material.

For instance, if the assessed valuation of a certain building is \$1,000 and the rate is \$7.80, the general tax will be \$78, which amount rep-

resents the interest on \$1,125 at 7 per cent, or on \$1,300 at 6 per cent.

If a building, on account of the high cost of labor and material, should figure out to cost \$2,500 more than in normal times and the prevailing rate of interest was 7 per cent, by deducting \$1,125 from this excess cost of \$2,500 it would leave \$1,375, which under this tax-exemption law would represent the net excess building cost at the present time. If the prevailing interest rate is 6 per cent, this deduction would be \$1,375 instead of \$1,125.

The effects of such a law would be one more inducement for the builder to build, and one encouragement more for the purchaser to buy. It, no doubt, would encourage construction work in many instances that would be otherwise indefinitely postponed.

In the final analysis, after making a careful survey of the taxation problem, in all its relations to real property, one is almost forced to ask the question, are we insidiously and unconsciously drifting toward the Henry George single-tax theory in forcing tangible property to stand all the burden of taxation? Is it possible that those in charge of legislation are deftly guiding the ship of state in that direction?

If such a thing could really happen the growth of our cities would surely be further retarded by destroying the incentive of the in-

dividuals who have pioneered the expansion of our great cities, which have become the marvel of the world, in converting barren acreage into improved urban property.

This would not have been done if it were forced to carry all the burden of taxation, on account of the great hazard and excessive overhead, entailed during years of developing that it would necessarily take to bring it up to a certain point of perfection for future marketing.

SCHOOL TAX

There is always a natural reluctance, on the part of the public, in making any organized effort to combat tax levies for school purposes for several reasons.

In the first place everybody is for the betterment of the public school, without much regard as to cost. Anything that raises the standard of the American citizen educationally gets a response from every true American, for the reason on this particular issue America has dedicated her very best endeavor.

In the second place the voter, having only a small amount of taxable property, does not feel disposed to assume this responsibility, and the voter who has a large amount of taxable property and who is elected to pay most of the school costs does not care to subject himself to the embarrassment and possible humiliation of

being classified as unprogressive, however strong his disposition may be to do so, from an economic viewpoint, or how much he may be justified in objecting to profligate waste in school management.

Consequently we find on account of the indifference on the part of one class and fear of embarrassment on the part of another, questionable legislation is oftentimes forced upon the public, and excessive tax levies pushed through by their proponents without giving proper consideration and analysis to possible secondary effects, against which little or no constructive criticism is offered by those in position to know.

Public school taxation should be voted for liberally. There is no disposition on the part of the American public to lower the educational standard of the country, even during periods of depression and over-taxation.

We feel justified, therefore, in treating the subject here as of utmost importance in its bearings upon the destiny of the American city. Municipal taxation in its present upward tendency, a great portion of which is made up of school tax levies, should be given more than casual consideration and study by the local economist in every community in order to get as low a rate of taxation as possible, consistent with good government and efficient service in all departments.

SCHOOL TAX LAWS

In looking over the school laws of the various states a very strong tendency toward increasing the rate of taxation for school purposes is found all along the line.

In the State of Illinois, in June, 1921, the provisions of the school law were amended, giving school districts the right to vote a 4 per cent tax rate.

Under this amendment the board of education has authorized to levy a tax not exceeding the rate voted, 3 per cent for educational and 1 per cent for building purposes, or such part thereof as they deem necessary to maintain the schools. This authority continues and may be used annually until such time as another similar election again changes the rate authorized.

The proponents of this law contend that the increase in the rate is necessary to give the unit control districts, maintaining both elementary and high school, authority to spend at least one-half as much for elementary and high schools as can be spent in districts or cities of the same class, except that they have separate organizations in control of elementary and high schools.

Since this law was passed a few cities in the state have been able to increase their school rate up to the maximum as provided by the amendment.

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It is further contended that a great majority of the cities in the state have been forced to the less desirable dual system of control in order to secure sufficient funds to run good schools, and that most of the unit control districts will doubtless be compelled in time to do either the same thing or at least to use the full 4 per cent rate allowed to them under their present organization.

It is also pointed out that there are a few small cities in Cook county that are paying as much for the support of the elementary schools alone as the maximum paid elsewhere under the new law.

The proponents also contend that any community that maintains schools on a lower rate than 4 per cent is likely either to have to be contented with poorer schools or to have more property valuation in proportion to the average cost of grade schools and high school pupils, and this is possible in one of several ways: first, if there is a larger amount of taxable property in proportion to the number of children in the community; second, if the property is more nearly all found in the process of assessment; third, if the educational sentiment of the community is so low that a comparatively small number of children have to be taken care of in the school, very few communities having as many of their young folks in the high schools;

fourth, when a larger proportion of the children are cared for in private schools and so are not paid for from the public fund.

Under any one of these conditions it is contended that it might be possible to maintain equally good schools at a slightly smaller tax rate.

In this argument it is seen that the authority to use the 4 per cent rate continues and may be used annually until such time as another similar election again changes the authorized rate.

This may give the taxpayer the impression that while the first year's tax rate under the new law is to be 4 per cent, the rate for all succeeding years may be considerably less.

The tax paying public should not be deluded with this idea in anticipating any material decrease in the 4 per cent rate, so long as the present authorized rate remains unchanged by a regular election.

We have clearly shown elsewhere that the universal experience is that all taxing bodies tend to use all the money they can raise, and it would be a short time until each tax authority was again levying the limit, even though at first the assessments were so large that a lower rate would produce more revenue than it now used.

This issue is not raised here for the purpose of questioning in any way the necessity of a 4 per cent rate assessment in any school district

in the state of Illinois for the first year, or for that matter, all the years to follow, but to point out more particularly the universal rule, to which this tax law would be the exception if it were any different from those that have come and gone before.

While in some school districts throughout the state the maximum school tax rate will be necessary, at the same time, no doubt, an effort will be made to advance the rate under the law to the 4% maximum, which in many instances with proper economy, good sense and business judgment would not be necessary.

The general rule is, so long as there is a law, making an increase in taxation possible, it will find advocates, ever diligent and ever ready, with ample argument why the increase should be made, and plenty reasons why any rate less than the maximum is insufficient.

In public affairs, what is everybody's business is usually nobody's business. The result is without sufficient data at hand to combat the argument and no local organ or advocate to defend, the increase is made.

When it comes to pay the cost, the tax payer then and not until then, is aroused from his lethargy, when it is too late to do himself or any one else any good, and his denunciations become strong and vehement and his fiery protests most forcible and prolonged.

The great difference between an industrial financial arrangement on the part of the individual or corporation and a financial arrangement on the part of the government is quite noticeable.

When a certain industry makes a financial arrangement for reserve capital or credit to be used for certain specific purposes or contingencies, it very seldom draws up to the limit and a larger liability created if it is found by proper economy, business judgment and good planning to be unnecessary.

While on the other hand, in government financing raised by taxation, the limit is usually taken and the full amount of the fund consumed and used in the various channels of expenditure.

It is obvious, in the light of the many stories of municipal waste that reaches us from all quarters, that one of the very important things for the American city to accomplish is to establish a system of checking, located somewhere between the source of supply and the final disbursements of a fund, so that the one who must pay the cost of government may know that the best business judgment is employed in seeing that for every dollar expended a dollar's worth of actual value is received.

A loss by laxity, mismanagement and poor business judgment so far as taxation is con-

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cerned is just as much of a loss as one involving moral turpitude and should have its proper checks and balances.

A bureau of municipal research, as outlined in another chapter, making surveys of city schools, reports and recommendations, would go a long ways in this direction.

Not that the honesty and integrity of those delegated to care and distribute the fund is questioned, but that the tax paying public may have the proper assurance that the best business judgment and care is used in all disbursements.

Cities must progress, and in order to do so taxes must be assessed.

Satisfy them who must pay the cost of government, that proper consideration is given to the economical and business-like use of the money so that the maximum benefits will accrue at minimum cost, and very little will be heard in the way of protests against the promotion of anything like a reasonable and necessary public improvement.

THE SALES TAX

The subject of taxation should not be closed and dismissed without saying something about the sales tax. In future discussions of the problems of taxation, the proponents of this plan are

determined that the sales tax shall not be overlooked and that it shall occupy its proper place in the general discussion of the subject matter.

It becomes, therefore, quite important that the virtues and faults of this form of taxation be given some consideration and careful study. In searching for the invisible tax, the kind for which one pays and is unaware of the fact that it has been paid, the sales tax comes the nearest of any so far suggested.

The proponents of a general sales tax have Canada to draw upon for inspiration. They quote Stephen Leacock, professor of economics at McGill University, Montreal, whose testimony echoes, they claim, hundreds of all classes interviewed by congressmen of the United States on a tour of investigation through Canada recently, as follows: "The most wonderful thing about the Canadian sales tax is that the consumer is practically unaware that there is any such tax. Ask any Canadian about the income tax or the luxury tax and he will swear. But question him about the sales tax and he will look puzzled and say that he thinks there is one, but can't remember exactly what it is or who pays it."

The various points covered by the proponents of the plan are that a low rate will be applied to a limited number of commodities; that the rate is levied only on one turnover and only on

certain commodities; that it is collected from the manufacturers and not from successive middlemen, so that it means exactly the one per cent, or whatever rate is fixed in the first instance, and no more; that paid at its source, this tax would be diffused in part through the nation as a whole; that the tax is so small that in some cases the manufacturer will absorb it, in other cases he will pass it on to the consumer; that many articles will be exempt from taxation, including farm products and most foodstuff.

We find advocates of a general sales tax are not confined to any one political belief. President Harding makes this statement in its behalf: "Any compensation legislation ought to carry with it the provisions for raising the needed revenues, and I find myself unable to suggest any commendable plan other than that of a general sales tax."

Ex-Senator Beveridge, the progressive, asserts unequivocally that the present tax will ruin the country and holds that the sales tax must be used to replace some of them or there will be no permanent prosperity, no general and continuous employment of labor, no high standard of living and no increasing enterprises. Ex-Senator Beveridge has gone so far in his advocacy of the sales tax as to make it his main issue in his campaign for the senate.

In his address to business men and working-

men throughout the state of Indiana, it is said that he put the issue so plainly and simply that none could misunderstand him. Upon this issue he has been so far extremely successful in the primaries and will continue to make it his main issue up to the time of the coming election.

In showing the relation existing between one of wealth and one of limited means under the practical working of the sales tax, the proportion of taxation each would pay thereunder, he uses the following illustration: A woman of wealth buys a \$2,000 fur coat, at 1 per cent tax she pays the government \$20.00. A woman of small means buys a cloth coat at a cost of \$25.00, at 1 per cent tax she pays the government 25c. The rich woman pays 80 times as much as the woman of small means. Each pays according to her means and her expenditure, which, he contends, is the first principle of just taxation.

In other words, he who consumes much would pay much, and he who consumes little would pay little. In the consideration of a sales tax, the question arises whether it is to be collected at only one point in the journey of the goods from the producer to the consumer or at every turnover.

The principal objection to the sales tax is, that it theoretically places the burden direct upon the ultimate consumer and does not exempt the masses of the people with small

means. For that matter, in the final analysis, no form of taxation, except possibly inheritance taxes, fails to reach the ultimate consumer.

In this regard, there is no difference between the sales tax and any other form of taxation. There is one thing, however, a sales tax cannot be multiplied as in case of excess profits tax, and the amount paid is the amount collected by the government.

In our exposition of the subject of taxation, our purpose has been to analyze as best we could the secondary effects of the various forms of taxation now in use, and the possibilities of those contemplated.

In doing this, it is with the hope that some of the waste and extravagances of the past may be abated, and in the end overcome; and that whatever may be done in the way of revenue legislation shall be in the best interests of the nation as a whole. Also that a more profound knowledge of the subject of taxation will be acquired by the average citizen, who seems to be on this question more or less inclined to follow than to lead.

The individual as a business and financial guide, teaches retrenchment and reform in order to tide through into a better and more prosperous period. This is done by conforming the budget to prevailing conditions.

An attempt to force upon him additional

obligations, however strong it may be his duty to assume, cannot be taken on without providing outside ways and means of financing so as not to disturb or interrupt the liquidation of the old, already taxed and overburdened to the limit. Otherwise continuous additions will make the tangled snarl still more difficult to unravel and the days of liquidation still further delayed. The same principle also applies to government business.

When history is finally written, the statesmanship of no administration during this trying period will ever be questioned if sincere and courageous efforts are made to bring about a better economic condition in the curtailment of waste and expenditure, surrounded as it is with abnormal conditions, which naturally encourage impossible demands and cries for relief. These demands, coming from every group and quarter, must oftentimes be denied, the good with the bad, until brought out of chaos, in an orderly and business-like manner.

Later, by so doing, a blessing in disguise may be found in the speedy advancement of meritorious demands, first in eliminating the unessential which are always found upon sober second thought and brought to the surface. Then the sacred obligation of the American government may thereby be discharged, which in the fullness of time it has always done, and will ever

continue to do, to the full and entire satisfaction of the American people.

TAXATION AND THE PROFITEER

New tax laws with further penalties on success and thrift to pay for governmental waste and extravagances must come to an end, sooner or later.

To enact tax laws for penalizing the profiteer is good legislation, provided the law accomplishes the purpose for which it is intended, by capturing the real culprit.

There are several reasons why this is not always done and a difficult thing to do; for it is found not only impossible to make the larger incomes pay the major cost of government, but even a just share or proportion of the cost.

The reason why they cannot be made to pay the major portion of the cost of government is because there are not enough of them only to pay a fraction of the great amount of the annual government expenditure now assessed even at the old rate.

The reason why those with larger incomes are not compelled to pay their just share of the cost is on account of the refuge found in tax-exempt securities.

It is said that the president of one of the biggest banks in New York has written that bootleggers whose profits run into the hundreds of

millions invest these profits in securities that pay no tax to the government.

Surely a most excellent zone of safety for the bootlegger who not only protects his income from tax assessments, but the knowledge of its source as well. A good thing for the bootleggers, but rather a hard one on the other taxpayers who are forced to make up the deficits.

It is easily seen that those of moderate incomes, which in the aggregate amount to a great deal more than the large ones, must necessarily pay the greater portion and therefore are the ones upon which the greater penalties for governmental waste and extravagance must necessarily rest.

Overtaxing wealth gathers up very little in the way of paying the cost of government with a loophole left open for transplanting it into a zone of safety, free and exempt from all taxation.

A much better way to do would be to first plug up the hole and place on wealth a just and reasonable taxation and push it boldly out into industrial channels, thereby permitting it to gather up more wealth, so that these additions may in turn be also justly and reasonably taxed, and in the end and aggregate gather up more revenue than it is possible to do under the present plan of operation.

The delusion on the part of a great many is

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the idea that the very rich can pay most of the cost of government, which is between four and five billion a year. This idea would be extremely agreeable to many of us if it were only true, but it is not anyways near the truth. The magnitude of the amount to pay and the scarcity of the very rich from whom to collect makes this impossible.

It is estimated that if all the incomes of the very rich in this country were seized by the government, not taxed, but simply taken, they would pay barely one-tenth of the cost. The other nine-tenths would have to be paid by the moderately rich and well-to-do.

In commenting on this phase of the subject, Robert Montgomery, an authority on tax matters, takes the position that contribution by the business men of both parties should not be made for political purposes until legislation has been enacted—*not promised*—which means lower expenditures so that success and thrift in business will not be further penalized to pay for improvident and inexcusable waste and extravagance.

After charging Congress with being incompetent and wasteful and composed of men dominated entirely by quest for vote, he says: "Commencing with the federal revenue act of 1913, all of our income tax laws have been deliberately aimed at successful industry. Con-

gress has proceeded on the theory that all large profits are illegitimate. The most popular vote seeking word on the floor of Congress is 'profiteer.' A "profiteer" is a man who makes a profit, therefore he is a crook and a profit must be extracted from him by a new tax levy.'"

From authentic sources we now learn while the profiteer is still quite active along certain lines, and adding to his horde, the main bulk of business is not quite so profitable, as many have imagined and in many instances show very small profit and frequent losses and business generally unable to withstand increased overhead and in no condition to take on new tax burdens.

While many are prone to give but little consideration to the report and appeal that the treasury department is sending out, calling attention, from time to time, to the deplorable condition of the government finance, the people will sooner or later be compelled to realize the fact, as a barometer, indicating financial squalls that there is no better one to be found and one which must eventually be recognized and accepted as such.

When it is found that the deficit this year is fast approaching the billion dollar mark and that the government will be compelled to save nearly this amount on expenditures instead of spending it, it surely becomes food for some

reflection on the part of the business man already tax-ridden and crying for relief, as well as others who are still demanding more compensation legislation, for this thing, that and the other.

The government banker surely has his hands full in the endeavor to satisfy the demands of both and at the same time wondering what he can do or what provisions he will be able to make to take care of the inevitable shortage.

INVISIBLE TAXATION

What about the invisible tax? The tax you do not see? The tax that is so far away it never gets to you? That is, you think it does not, but which is nevertheless always found to be nearby, ever present in every outlay, in every venture and at every outpost, as strong and impenetrable around every taxpayer as any cordon that ever encircled a captured army.

Invisible taxation is very easily traced if one did not really care to delude himself about its mysteries, or be bothered or mentally disturbed with unpleasant thoughts and with only a few facts and figures.

There are a great many features about taxation that the average citizen has been in the past more or less inclined to overlook or sidestep, leaving it to the other fellow to look after, preferring to follow rather than to lead, that

under present abnormal conditions is now attracting his attention, and which he feels is worthy of more personal consideration.

These things are compelling him to ask many questions that have never been asked, realizing as he does now how much more direct the cost of government falls on him as an individual taxpayer than he ever thought it did before.

He is now wondering how much money it would be possible for him to save out of his earnings for himself and family, that might be added to his surplus savings if things were only different.

The present condition of government finance and increased demands from various groups for further inroads upon the treasury which must be raised by additional taxation together with stories of governmental waste and extravagances have aroused him from his lethargy, forcing him to properly sense the deplorable condition we are now in or we might better say just entering.

For there is no telling where the exit may be, or whether more costly lessons are necessary to be learned before business men who should really know better, will act and act in a way that will have a telling effect upon legislation.

Legislation which seems to be drifting, so far as practical results are concerned, farther and farther away from the real issue needs only

the organized efforts of the folks back home to see that the great unrepresented class, the American taxpayer, shall have proper consideration from those who control and dominate national, state, and municipal taxation.

One single item surrounding the taxation problem in its relation with the trinity—the government, the railroad and the ultimate consumer—will suffice to show the most casual observer how a dollar wasted by the government in extravagances and reckless spending must eventually be paid by the ultimate consumer, demonstrating conclusively that the assessment is not a remote contingency, but on the contrary, an immediate charge.

Upon good authority, it is learned that at least one-half the earnings of the railroads of the country are annually absorbed by the government in the way of taxation, and necessarily charged up to traffic, which economists contend is one of the principal reasons for the high cost of distribution.

The merchant, in this manner, pays his invisible tax to the government through the railroad who in turn charges it up to the purchaser and who in the end makes good to the merchant the overhead, thus entailed.

The farmer pays his invisible tax to the government when he ships two or three cars of grain to market and the railroad takes one of

the car loads for transportation and divides fifty-fifty with the government for its share.

The farmer again in his turn takes the money received out of the proceeds of the grain, upon which he has already paid one invisible tax assessment and contributes another assessment for everything he purchases to the government through its intermediaries, the merchant and the railroad.

This, after all, does not prove to be a very complicated problem in mathematics. Most any school-boy can easily figure out if the government is able to reduce its extravagances, waste and improvident spending account to such an extent as to enable it to take only one-fourth of the annual earnings of the railroads of the country instead of one-half, that the railroads then in turn would be in position to take only one-half a car of grain from the farmer for transportation charges, instead of a whole car, and the merchant in like manner adding to the price of goods sold the farmer only one-half the amount formerly charged for transportation.

There is no use charging up existing governmental extravagances and waste together with all the over-taxation, confiscation of incomes and industrial earnings that go with it to any one political party in this regard and dismissing the responsibility by merely demanding a change of administration and letting it all go at that.

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Broad-minded statesmen throughout the land, everywhere, concede that this is not a party question and that one political party is just as guilty as the other.

It is safe to say, however, that a conscientious endeavor on the part of any one political party with proper force and courage to cut the Gordian knot would now be an extremely popular one with the great masses of people.



XV
STANDARDIZATION OF
MATERIALS

There is such a power, a mighty power based on the invincible unwillingness of the whole people to endure hardships and suffering because of the stubbornness or selfishness or greed of a part of the people. This power—public opinion—is apt to be slow in making itself really felt, and of these times of a near hopeless, 'what's-the-use' attitude among so many it seems to be slower in becoming effective than formerly.

At the same time there appears to be more of "the public-be-damned" attitude than there once was. But this latter attitude is still wisely cautious and inclined to feel the public pulse with watchful care before it lets itself go too far. For it is intelligent enough to know that the public opinion of a nation once aroused and determined is a force too mighty to be lightly trifled with by a mere group or even several groups of the people.

—Selected.

STANDARDIZATION OF MATERIALS

Through the standardization of materials and processes and the collection and dissemination of information by the Bureau of Standardization, the federal government has been endeavoring to do something toward reviving building and cheapening housing.

While this movement is one in the right direction, it will take time to show results and offers no immediate relief, surrounded as the building industry is, with so many more serious handicaps, such as transportation, taxation and labor problems, which are at the present time far from being solved.

A permanent division of construction and housing was created under the Calder bill about a year ago. The bill had the support of Commissioner Hoover, the Bureau of Standardization being located in the Department of Commerce; but so far nothing seems to be available for publication at the present time, in the way of any report that enumerates any practical accomplishments along this line.

The purpose of the new division is to gather practical, scientific, and statistical information

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operate with manufacturers, architects, engineers, public officials, commercial, trade, and civic associations, in regard to construction problems, both scientific and commercial, so that building work may be economically conducted.

The scope of the data to be gathered may cover improved practices in construction work in both the United States and foreign countries; standardization of structural units, materials, and building code requirements; economy in the use of building materials; economy in manufacture and distribution, plant capacity, production, and stock on hand, imports and exports of building materials from month to month; the financial, transportation, power, and labor requirements of the building industry; losses through irregularity of operation; fluctuations in prices; fluctuations in volume of construction; city planning, zoning, housing standards, rental conditions, and so on.

Possibilities of the proposed work are described in a statement prepared in the department of commerce as follows:

“Standardization of structural units and material has already been undertaken in England, but is in its infancy in this country. Standardization does not contemplate the greater uniformity in the exterior or in the interior arrangement of buildings, but rather the adoption of uniform methods and the elimina-

tion of useless types and sizes of parts, the adoption of interchangeability of parts, as well as the adoption of clear and uniform definitions of terminology. Standardization should be considered as an aim or disposition of the industries to co-ordinate their work rather than as a definition of perfection.

“It is urged that economy in material may be effected at an early date through the revision of building codes of many municipalities, and that such a revision toward uniformity may be brought about without impairing the usefulness, safety, or durability of the structures. Flagrant variations now existing as to thicknesses of walls, floor loads, allowable stresses on timber, concrete, and steel, if eliminated, might save, according to some authorities, from 5 to 20 per cent in the use of some of the materials, and might save, according to other authorities, from 5 to 20 per cent in the total cost of certain types of construction.

“The subject of economy in methods of manufacturing and distribution involves not only more scientific plan operation but also more continuous operation. Identification of the causes of the irregularity and intermittency of operation particularly inherent in the construction industry may bring about, it is hoped, elimination of some of these causes and the elimination of loss through the frequent plant idleness and unemployment.”





XVI
CONSTRUCTION ETHICS

When food was short and the allies had to be fed, the government called upon the farmers for help, and with government aid, food was furnished, and the war eventually won. A heroic act upon the part of the government, for which it receives full credit. The call of the government now, is to the builder, who holds the magic wand that will throw into seething activity the industrial machinery of the country and whose plea is for first aid from the government; not in a paternalistic sense, but for a fair and even chance to respond to the call, without assuming extreme hazards, by correcting the abuses and eliminating the evils that have crept into the building industry during a period of national helplessness:

—*Municipal Problems*, 1918.

CONSTRUCTION ETHICS

As we go to press, it has just been announced that Secretary Hoover will launch a national movement June 19th for a lower building cost and to help the construction industry square itself with the public by eliminating the minority that has brought it to ill repute.

Franklin D. Roosevelt, former Assistant Secretary of the Navy, is to be made President when the movement is organized in Washington in June. It is said that Secretary Hoover and Mr. Roosevelt will attempt to eliminate graft from the building industry.

These gentlemen will surely have, at their command, a fund of information gathered up by the Daily Legislative Commission of Illinois and the Lockwood Legislative Commission of New York, to say nothing about material furnished in building operations under the Landis award and many other valuable leads found in all parts of the country.

Reconstruction in construction ethics, will be the slogan.

A trustee appointed, as proposed, to formulate a code of ethics, through the federal government, for the moral regeneration of the build-

ing industry, means nothing more than carrying out the principle, enunciated in *Municipal Problems*, several years ago in taking the advanced position at that time, that "the period is one for corrective measures, to correct abuses that surround the building industry, rather than one for artificial stimulation, that not only stimulates building, temporarily, but the abuses that go with it, entailing, sooner or later, another period of stagnation to correct these abuses."

The trustee appointed for this job has no easy task, for the reason that many of the abuses are so deep and long seated as to become part and parcel of a very bad system, tolerated by some, detested by others, politically bound and protected in many instances, making individual efforts fruitless, in any attempt to unshackle its relentless strangle-hold on the building industry.

All of these things the trustee must unravel, disconnect, inoculate and transplant into the purer atmosphere of publicity and impartial analysis.

It is hoped that this can be done to such an extent as to crystalize public sentiment into a unit of action that will give speedy results to a most trying, disastrous and demoralizing industrial situation.

We give below a joint statement issued by the

executive committee of the American Institute of Architects, and the executive board of the association of general contractors of America, elaborating on the possibilities of this movement by the federal government.

“For the first time in the history of American industrial development a great industry has united all its elements—manufacturers, labor and the professional branches—in a great effort to raise the standards and efficiency of the industry and improve the service which it renders to the public.

“The nearest precedent is that furnished by the election of Will H. Hays as arbiter of the motion picture industry, but the American Construction Council, on which the organization details are now being completed, goes much farther.

“It dips down into the industry and brings together for conference, for betterment of understanding and for common action the architects, the engineers, labor contractors, material manufacturers and dealers, bankers and insurance men—all elements concerned with building work of any description and with the construction of public works, railroads, bridges, irrigation works, and so on.

“It is stipulated that all the work of the council must square with the public welfare, and so dominant has this idea been in the pre-

liminary conferences that Secretary of Commerce Hoover, seeing the benefits that will result, has taken the responsibility of presiding at the formal organizing meeting in Washington, June 19 and 20, and Franklin D. Roosevelt has agreed to accept the presidency of the organization.

“Instead of thinking of the building of houses as the individual expression of the fancy of the individual citizens or the building of highways and railroads as merely the means of an industry we call transportation, or factory building and hydro-electric construction as isolated groups of individuals for private gain, we must think of construction, as we do of agriculture, of mining, or of manufacturing, as one of the greatest creators of permanent wealth, as one of the foundation stones in our civilization on which our progress is built.

“Investigation has shown that the number of workers who, together with their families, depend upon the construction industry for a livelihood, totals approximately 11,000,000 persons. It is conservatively estimated that 24 per cent of our annual capital accumulation and over 50 per cent of our national savings are absorbed by this great industry every normal year.

“The public has lacked confidence in the fairness of building costs, and this has added to the pressure put upon the industry. Not

only has each of the elements been re-examining its position and responsibility, but efforts at co-ordinated work have been made.

“Mr. Hoover’s department is making a study of building codes, and when its work is completed there must be a nation-wide activity to carry the recommendations into effect—a type of activity which the new organization is designed to promote.

“The public demands that the industry square itself with the public interest by eliminating the minority that has brought it into ill-repute.

“The individual elements of the industry are aroused by the responsibility which it owes the public and to the opportunities for elimination both of duplicate association efforts and of wastes in construction operations.”

These gentlemen have surely laid out for themselves a herculean task, one that will be closely watched for results. If it is possible for them to force the friction out of the building industry it will have accomplished one of the big things for the industrial world.

It is hoped that any future report we shall make on this subject will be replete in many accomplishments from this source.

Any attempt, on the part of the federal government, along practical lines, that will in any way tend to stabilize the cost of building-material and labor, the primary cause of stag-

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nation in the building industry, should have every possible encouragement.

The trouble has been, up to the present time, during a period covered by the last three or four years, theorists and economists have been offering numerous remedies, each one a specific for every economic ill.

At one time the banker was to blame. If he would only do what a great many thought he should do, everybody in town would own a home.

The burden was then shifted from the banker's shoulders to another and something else was then found to be the primary cause of all trouble.

The plan outlined for the banker was for every banker, in every hamlet, village and city, to turn out deposits to those wanting to build, not only for the purpose of building homes, reducing rents and increasing housing, but to furnish continuous and uninterrupted employment.

This would mean that the banker would loan his money to one who is willing to borrow, the owner of a lot, with limited means, for the reason that the one who had the credit and financial responsibility behind him to make his obligations good, regardless of any depreciations, would not build, no matter how many volunteered to loan the money.

With bank deposits invested in building securities, forcing bankers into real estate ownership and depositors, in many cases holding the sack, would surely have been a very sorry thing to even contemplate.

The reason for the refusal, on the part of the financially responsible borrower, to use money so provided, can be much better understood by referring to a well known incident that occurred during this period.

A builder, anxious to build, fully aware from a business viewpoint, why it was unwise to do so, after listening repeatedly to the many reasons given by those that were telling him why he should build, although offering to do nothing themselves in the way of building construction, volunteered the proposition to build so many houses, if others would also join in building a certain number.

To one of the parties, owning a desirable building site, with money out at interest, this subject was broached and carefully discussed and the suggestion offered that his investment be withdrawn or his securities sold and the amount invested in building construction.

After carefully considering the proposition, the lot owner figured out that he had a building site worth at least \$2000, and to withdraw his loan of \$8000 and place it in a building, formerly costing \$4000, might entail a loss, not

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only of the building site, but also impair his reserve capital. Consequently, he concluded to keep his lot, retain his investment and let the other fellow try the experiment.

Thus, we see capital employed elsewhere, to its extreme earning capacity, perfectly satisfied to wait indefinitely for cost of labor and material to stabilize before entering into construction work.

The great trouble, on the part of those assuming leadership, in the solution of the building problem, has been the fact that they have had no financial interest in building construction, under prevailing conditions, and have been attempting to apply the same economic principles that are applied to merchandizing and manufactured products of a character and kind that can be made, sold and worn out, all in the same market, thereby inflicting no special hardship on the manufacturer, the seller or the consumer, as a result of a declining market.

A building, however, as we have already said, is a thing that is built for permanency and for the ages and can not be built, sold and worn out all in the same market in order to escape future depreciation.

If the ones delegated to represent the city, the state and the government in the solution of these problems, could have been induced to finance a building program, under prevailing

conditions, using their own money instead of asking the other fellow to use his, a great many impractical things asked for and done, would have been omitted, and in their place, no doubt, more fundamental business principles would have been adopted, resulting in more essential things accomplished.





XVII
THE CITY AND THE OPEN SHOP

Social reformers say the profits should be only 6 or 7 per cent. Most workers agree, though the socialists among them say there shall be no profits at all.

The capitalists and employers reject both propositions. Without profits, they will not organize and manage industries. Unless they may get more than 6 or 7 per cent profit, they will not venture on new enterprises. Then there will be either no employment worth mentioning—as in Russia—or half-time employment as in many other countries today.

Between these two extremes the struggle for wages and profits surges back and forth. And though we all want to see it abated and its cruelties moderated, we have this consolation: If either side won a complete victory, that victory would be far worse for business and popular welfare than the struggle itself.

A complete victory of the greediest profiteers would bring most of this nation into virtual servitude. A complete victory for the greediest workmen would wipe this country's business as clean as Russia's.

—*Hinman.*

THE CITY AND THE OPEN SHOP

Some of the important problems of the municipality, ever present, are questions arising out of labor and its employment.

At the present time the controversy between unionism and the open shop is one that is assuming some proportion.

The question, resolved that the open shop, as applied by American industry, is unsound, uneconomical and un-American, is one that labor unions, throughout the country, are debating with any one who may wish to join issue in the open forum.

The position taken by the proponents of unionism is that the open shop question is peculiarly American. In Canada, and other countries, the right of workmen to bargain, collectively, is conceded and it is only in the United States that the manufacturer contends his right to deal with his workmen individually. Furthermore they contend the open shop is misleading and not uniformly interpreted even by the manufacturers, showing that the prevalent interpretation was that the open shop means the insistence of the manufacturer in dealing individually with labor and their refusal

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to recognize unionism. Also that union labor and non-union labor cannot work side by side in the same shop any more than oil and water can mix.

On the other hand the proponents of the open shop claim the necessity of the open shop on account of the labor troubles that have grown out of attempt to force the American Federation idea upon manufacturers and the people of the United States.

They also claim that the evils of unionism destroy initiative and ambition, resulting in practically no chance for advancement on account of the scale, also that there are no benefits for skilled labor and that the idea of equal pay and unequal results is wrong.

The average American citizen believes in organization and also believes that labor has a right to organize, the same as capital or any other groups that have a common interest. The American public has been extremely tolerant toward organized labor in its willingness to concede almost every demand, and it is only when the policy of the organization is of such a nature as to show a strong tendency toward infringements of rights and prerogatives of other individuals and groups that demonstrations of disapproval, in some practical form, as in the open shop movement, comes into existence.

This is really what the open shop movement amounts to at the present time, rather than any disposition or attempt on the part of individuals or groups to destroy labor organizations.

There are three tendencies that unionism must overcome before it will obtain the full approbation of the American public.

First. The tendency to limit both production and service.

Second. The tendency to encourage the violation of contracts on account of no legal liability, as an organization not incorporated.

Third. The tendency to deny the freedom of American labor in seeking employment, only upon certain prescribed conditions.

A great many are firm in the belief that the life of unionism depends largely upon its ability to overcome these tendencies and that the promulgation of these principles are an encroachment upon the rights of others, therefore unsound and against the public good.

The question of the open shop as a rival institution in working out the destiny of the American city makes it an important question for discussion, and as one to be analyzed for the purpose of ascertaining what it may do in the way of correcting abuses and eliminating evils that have crept into the building industry, during a period of national helplessness.

In a general survey of the field, we find a

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great many are taking the position that this movement may become more firmly rooted, at least into that portion of labor used in assembling the material that enters into building construction, such as carpentry, plastering, masonry and so on, even if it does not enter into that portion called stored or frozen labor, which represents that portion tied up in the material used in construction work.

During the present period, every economy in building construction must be practiced in order to encourage capital. In doing this, advocates of the open shop contend that it finds unionism burdened down with so many limitations that artificially increase construction cost not altogether on account of the high wage, but in the establishment of arbitrary rules that prohibit members of one craft on the job from doing anything that, under such rules, belongs to another craft, to such extremes as to bring forth strong protests from every quarter, or as another says: "Restrictive practices made for waste for waste's sake."

For instance brick masons, doing brick work, must wait patiently for the stone mason to set the stone that might be set by the brick mason, while patiently waiting for the stone mason to get on the job.

A glass to be set in a car sash, with glass furnished on the job, ready to be placed and

which could have been done within an hour, by other workers on the car, entails an additional expense, by waiting for the specialist to set the glass, with an expense to the railroad company, equal to half day or full day wage, as the wage may be.

HOUSING PLAN

We find scattered throughout the land, individuals and small groups anxious for various reasons to get into the building game.

These individuals and groups consist of real estate operators, private owners of building sites, owners of outlying property ready for development and large subdividers, as well as many others interested in the public welfare and material growth of the municipality who desire the expansion of the city regardless of personal profit and who are willing to place money into any enterprise that will give it encouragement and solve the housing problem.

We, also find those individuals reaching out to ascertain in what substantial way they, as owners and financiers as well, may get in closer touch with actual building construction, in doing away with the middle man, at least to a limited extent, so that they may deal, more directly with the labor item that adds so much to the cost of building construction at the present time.

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Contractors, it is found in many cases, are handicapped in being forced to make concessions to labor that artificially increase the cost of building construction. They often find their business runs along a little smoother, with fewer handicaps and interruptions, when they are able to concede much to labor, and so long as they can obtain contracts at a profit, or on the cost-plus plan, where same may be charged up to the owner, there is no use, so far as the contractor is concerned, to worry very much about lowering the cost of building construction.

But when we reach the point we are at now, where capital refuses to go into building construction extensively enough to make up the present shortage, without being assured that it can go in without loss or hazard, it then becomes quite a different matter.

The question is often asked, must the building industry, like agriculture, in its deflation process, go to the lowest round of the ladder before it can regain its former supremacy?

If the building industry must go still further down before it can go up, let us hurry and go down, so we may speed the revival.

Necessity is the mother of invention in the building industry, as well as everything else, so we find these individuals and groups outlining and carrying out a plan of operation

which they contend augurs well for lower cost of building construction.

The first thing they do is to purchase, at the lowest possible price, in the best market they can find, all the material necessary and place it on the building site.

After this is done the next thing to do is to have it assembled into a building, in accordance with the plans and specifications. Employing a competent man to superintend the construction, they seek for bids for the different kinds of work that enter into its construction.

Excavators, masons and carpenters, plumbers, plasterers and so on, all in their turn, are invited to submit these bids.

By the time they have purchased their material they know something about this item of cost, in other words, the cost of the material has become a definite known quantity.

The next item of cost for their consideration is the labor item, which even at a definite known scale they find is more or less illusive and speculative for the reason, aside from the scale, a great deal depends upon the efficiency of the labor employed and whether or not there is to be any limitation to service, or in other words, if a day's labor is to be measured out as so much work and no more.

So, up to this point the owner-financier finds labor is the mysterious and obscure item that

becomes much more speculative than the cost of material, which may be determined with more or less accuracy in advance.

In order to lessen, therefore, the hazard and reduce to the minimum every shadow of limitation in production and service, they take control of the labor item, making propositions direct with the artisan to pay a fair, just and reasonable wage, by day or contract.

In this manner the owner becomes familiar with the cost of labor items that enter into building construction, and is soon able to tell in advance what the item is costing him and whether or not he can afford to buy the material and construct the building in this manner.

He feels, if it can not be done one way, another should be tried.

"If the city cannot be built," he contends, "one way, it may be built by another; but in any event the city must be built, and ultimately a way must be found that will reduce to the minimum the many impediments with which the building industry is encumbered at the present time."

Their contract with labor calls for an honest day's work at a reasonable wage based upon efficiency, with no agreements as to limitation of service. The policy formulated by the owners is to gather about them a selective group of efficient workmen, increased wages to be based

upon increased efficiency of labor and management in their production of a building that may be profitably marketed.

It is contended, if building conditions, under the enforced rules of unionism, do not improve, there is no telling how formidable a plan this will become in the potential strength it might eventually have in competing with any other forms, in a community, by co-operation with other similar individuals and groups in the purchasing of material in quantities at reduced prices, standardizing the work, and the exchange of courtesies and favors, permanent employment of selective workmen that a common interest of this kind would naturally engender.

If it is then found that all the economies practiced in this manner, in assembling the material into building construction, is not sufficient to produce a marketable product, then it becomes incumbent that the stored or frozen labor represented in the material be analyzed to ascertain what economies may be practiced on its road, as raw material from the forest, mine and soil, to the finished product on the building site.

With material separated on one side of the fence and labor on the other, under this process, the exact location of the sore spot causing the trouble should be found, and a remedy applied. In criticism of the open shop movement,

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referring to instances of certain manufacturers more or less antagonistic to labor to whom they attribute sinister motives against the right to organize, and in using the open shop as an entering wedge, in that direction, more than for any other purpose, should not be confused with these individuals and small groups who are not manufacturers in the strict sense of the word, but only by force of necessity are formulating ways and means by which they may provide a public necessity, if not resulting in much personal gain, will entail at least no serious loss.

In the former case the manufacturer is one with an expensive factory equipment, with a policy outlined in establishing permanently a manufacturing industry, and therefore possibly obsessed with a different viewpoint than the individuals or groups engaging in work more or less temporarily as an avocation, without factory equipment and consequently very much in the open, who are merely assembling the material so manufactured, upon the ground they own and which operation will possibly cease as soon as property is improved. Then to be passed on to other individuals or groups, who may feel disposed, if the conditions still warrant, to follow out a similar process.

So with these men, it is found that it is not at all a question of unionism and open shop, but a firm determination on their part to permit

nothing to retard the growth of the city, in the endeavor to solve the housing problem in some practical way.

It is now up to them to find out if the labor and material supplied and offered in a community cannot be utilized in such a manner that a building may be erected and sold at a price that others will readily buy.

LABOR SUPERVISION

Another question assuming quite as much importance as the open shop is the question of supervising labor unions.

In the states of Illinois and New York the recent disclosures of the Dailey and the Lockwood Legislative Commission have had a tendency of directing the mind toward the advisability of such a movement.

The *Christian Science Monitor*, in commenting upon the situation in the state of New York, makes this statement:

“While it may reasonably be assumed that the effort now being made in New York to bring about the enactment of legislation giving the state industrial commission power to prevent strikes and lockouts, and to supervise labor unions generally, is a direct result of the disclosures made in the report of the Lockwood legislative commission, it is true that the tendency in many sections of the United States is

to bring all labor organizations and voluntary associations of workers definitely under the supervision of the law. The tendency is a natural one, in view of rapidly changing industrial and social conditions."

Labor itself, because it has, no doubt through necessity, attained to a class consciousness as clearly identifiable as an entity as are the varied classes or combinations of capital, has compelled recognition of its actual and potential strength, of its power for good, and of its opposite tendencies. Gradually the understanding is being gained that this heretofore innocuous entity has become an active living factor in the body politic. There began, a generation ago, a definite movement to regulate public utilities, such as the railroads and other agencies in whose continued proper operation the rights of the public were found to be paramount, and this asserted power of supervisory control was extended gradually to combinations of capital as the wealth of powerful financial institutions and the captains of industry became combined in trusts. Likewise the need is now being realized of asserting the rights of the public in the control and supervision of labor unions, which have become no less powerful in their way than the other combinations mentioned, no less necessary to the continued convenience and prosperity of the people, and no less harmful when wrongly directed and controlled.

The law will never attempt to direct or control the activities of the individual in industry. That is to say, the artisan who pursues his vocation may do so without molestation, just as the farmer or the blacksmith, in his little shop at the crossroad works or not as he chooses.

But when the artisan surrenders his initiative to another or to a combination of individuals who assert the right to trade upon or to dictate his industrial policies, he places himself logically and reasonably in the class with other trusts and combinations and may expect to be subjected to the measures of regulation and control applied to a general class, no matter what its component parts.

If labor unions were able to cope with and control those within their ranks, by some known definite policy, from overstepping the border line between that which may be an organization benefit and that which may be a detriment to the public, it would be quite another thing.

This seems it has, so far, been unable to do as evidenced by the disclosures in both the Lockwood and Dailey legislative commissions and the deplorable conditions of the building industry in New York, Chicago and other cities.

The same thing that makes legislative enactments necessary in placing a measure of control over the varied combinations of both capital and labor would make it equally necessary to

place the same measure of control over any organization whenever it has attained the position of recognized power for good or evil.

Likewise, with agricultural and other blocs as they gradually become active living factors in the body politic, and approaching, as they probably will, the same border line between the rights of the organization and the rights of the public, the same protest will arise against such encroachments and the same demands made for the enactment of legislation that will definitely and specifically define the rights of both.

In favor of no class organization, should the supervisory powers of the government be suspended, especially when the potential strength of any organization becomes so great as to be within its power, if it so elects, to impair the progress and economic development of the nation as a whole.

We are now passing through, it seems, a period in which an active process of separating the body politic into various groups and blocs is making rapid headway.

As these varied class combinations are forming, in their wake will naturally follow the usual public protests and demands for legislation that will clearly place them in their proper relations with the public.

Unionism itself is not an evil, and if founded upon sane economic laws could be nothing less

than a great benefit to labor and indirectly in its natural tendency towards a better citizenship a great benefit to the nation.

Grounds there may be for fear, on the part of labor organizations, that some employers are taking advantage of present economic conditions to offset some of the difficult times they have had with labor within the last few years.

A wrongful and very short-sighted policy it would be, on the part of employers, to embark at the present time on a campaign of destruction, as well as a very wrongful and short-sighted policy, on the part of labor, to continue sacrificing public sentiment, defying economic laws and demanding high wages for less work.

The readjustment of wages and working conditions, to supply and demand, would be the result in the destruction of unionism. A very dark day this would be for labor, as well as an indirect loss to the nation, in the destruction of one of its greatest aspirations, a superior citizenship for American labor.

Unionism, however, must base its defense in the attainment of this aspiration on economic law and reason. In no other way is it possible to succeed.

Public opinion will in the fullness of time establish permanently in the economic structure of the American nation the fundamental principles:

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That no organization shall be permitted to exalt class interest above public welfare;

That no minority organization within the government shall establish a minority rule over the majority;

That labor organizations shall be permitted to bargain collectively and individually and the right to work shall in no way be abridged.

If these fundamental principles were in vogue now, many present-day problems would be solved. When they do come in vogue, which they surely will, labor will then come into possession of its own and public opinion, if nothing else, will fix its permanent status and ever keep it up to the high standard of American citizenship, to which it rightfully belongs.

A LIVING AND A SAVING WAGE

Two of the most important economic demands of the hour is one on the part of labor, urging the payment of a living and a saving wage, and the other, on the part of capital, urging a larger profit for the purpose of encouraging industrial activity.

These two demands will ever exist, so long as we are human beings. All it really means now, in the present period of inflamed public opinion and social unrest, is the element of time to stabilize and weld into a unit of great potential power these two necessary elements of prosperity.

There is no disposition, whatsoever, on the part of the American public to deny labor a living and saving wage, but any one can readily see that labor and capital must so combine and treat with each other in the work of production that what they manufacture can be sold at a price so that the public will buy.

If the article they produce is one the public will not readily buy on account of the price, neither capital or labor will profit.

Therefore, before labor gets its wage and before capital gets its profit, something must not only be produced, but also sold.

It makes no difference to business how highly labor is paid or how large a profit capital receives, so long as they jointly act in such manner in producing an article at a price that will encourage a most ready sale.

Compensation for labor must necessarily depend upon what labor does and not so much on what someone, or group, says it should do.

Wages are not donations and any demand for a surplus wage on the part of labor can not be met only on the basis of its actual earning ability.

American industry, genius and management is also entitled to its surplus profit in like manner, based only upon its ability, efficiency and accomplishments.

Both capital and labor are entitled to their

reward, based upon enterprise and conscientious endeavor, which in the final analysis is the only true American principle of economic development and adjustment.

Thrift and hard work, on the part of the people as a whole, is the only true basis of a nation's prosperity. Neither capital nor labor can bring it about by omitting either one.

What may be a living and saving wage for one may not be a living and saving wage for another.

Individual wants and desires will ever remain, in the human makeup, a most important factor, whenever it comes to the question of how much it costs us to live and how much we are able to save, no difference what we are, capitalists or laborers.

LABOR RADICALISM

Human society, the world over, is made up of a mixture of conservatism and radicalism, the different degrees of which are brought about among the various groups by the living conditions under which each is compelled to conform in the strife for existence.

In organized labor we find the conservative and the radical, one advocating the principles of evolution, the other more militant followers of the doctrine, of revolution.

Under each of these respective classifications

may also be found the ultra-conservative and the ultra-radical. History is replete in the accomplishment of much good in the world as the outcome of wise and progressive radicalism. History also teaches us of the very great harm, wanton destruction, and abject misery resulting from extreme radicalism under the control of false and misdirected leadership.

In one the conscientious desire in the adoption of constructive measures for the accomplishment of needed reforms dominates, while in the others are included those whose policies and methods are truly destructive, promising nothing in return but continuous strife, turmoil and warfare upon which extreme radicalism universally thrives and when dispelled, dies and with it the ultra-radical.

Ultra-conservatism makes the world go too slow for some and ultra-radicalism too fast for others. So the conflict wages and will ever continue to wage in the endeavor to modify and crystallize both these extremes into a more perfect unit, based upon sane economic principles, without which no mass formation can ever be successful, in using the great potential force of the whole, for the purpose of conserving the maximum benefits for the individual in the most correct and just proportions.

The rejection, by the American Federation of Labor by a majority vote of the plan for "one

big union" is a defeat for the revolutionary element in organized labor.

"Boring from within" loses out in this test, but its impress within the ranks will still continue to be felt, as the whispering propaganda of radicalism is ever present and never falters in its ceaseless and insidious drives for growth and expansion.

Controversies arising between capital and labor resulting in strikes and lockouts with its consequent loss to both labor and production, are the breeding spots of radicalism in both camps, in the settlement of which radicalism balks in its preferment for continuous turmoil in the refusal to adopt the only true basis of settlement founded upon sane economic principles of true justice and equity.

It is safe to say, however, that the average American wage earner inside or outside of unionism is not for the adoption of revolutionary methods in the settlement of any of its controversies with capital.

To the socialists, syndicalists or communists dissatisfied with our present system of society, it would undoubtedly become a powerful instrument in its overthrow and one which the American wage earner will be extremely reluctant and very slow to delegate to any group or leadership with even the remotest chance of its misuse in the destruction of the great American principle.

The greatest example of labor radicalism in the history of the world on a national scale, is Russia.

In its gory record of death and destruction the world stands aghast, but vaguely comprehending or realizing its magnitude or its horror.

Even if one-half of the official report of the "Russian system of massacre of opponents" were true, which places the number put to death at over 1,500,000, equal to the number lost by France in the late war, it would have established a most horrible record of misuse of power and as a result of misdirected and false leadership, a burning example for all the ages to come.

A system having for its underlying motive the destruction of knowledge and the death of the intellectuals, becomes a most diabolic conception.

In this cold-blooded slaughter were included, not only doctors, professors, priests and other intellectuals, but also soldiers, officers and with them about 200,000 workmen and over 800,000 peasants, reacting as is often the case upon the very class the system was designed to benefit.

Russia's one big union idea, placing autocratic power in one small group maintained by military force, overshadows everything in the way of autocratic power, tyrannically used that has been devised by any czar, king, or potentate in all the annals of human history.

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America's greatest safety against a Russian radicalism is the fact that in this nation the masses do not predominate in the two extremes that would naturally encourage and bring about such a condition—extreme wealth and extreme poverty.

A great and growing nation is one that predominates in a superior middle class made up of the home builder and the home owner which now constitutes America's greatest bulwark of protection against extreme radicalism.

This point is well covered by Geo. W. Hinman in commenting upon the warnings that are now being made through press and forum upon the progress that Communism or Bolshevism is making in the United States.

“What does it all mean? Are Lenin and Trotsky at the gates? Is the United States in danger of being Russianized? Is American business, occupation, employment, livelihood, bread-winning in peril of its life or any part of its life? Is the business welfare of the United States toppling on the brink of the gulf that has swallowed Russia, is swallowing Austria, and may swallow Germany any day? If so, we can't wake up too suddenly and act too quickly. If not, we shall do better to settle our present troubles before we give them time and attention to those at least several years away.

“For the present, for some years to come, Americans and American business surely can be confident that no Communists or Bolsheviks will pull down the temple or even severely shake the pillars. Why? If they can go so far in England, for

instance, why not here? For the reason, suggested in the magazine article. That reason is the American middle class—the class with middle-sized incomes, with homes of their own, with stiff convictions as to their rights in their own property, and with the American grit to stand by them.

“If more public attention were given to these people of middle class property, if they could only make themselves felt as do those with too much money or as do those with no money at all, there would be less business pessimism and infinitely greater business confidence in the future.

“That this middle class stands like a rock against Communism or Bolshevism everybody knows. The question then is: How big is this barrier against revolution in the United States? The answer is as big as this:

“Of the 11,000,000 families living in their own homes in the United States, fully 10,500,000 are middle class families. Of more than 6,000,000 farmers in the United States, all but a few thousand are middle class farmers. Of nearly 300,000 manufacturing enterprises in the United States fully 225,000 are middle class enterprises.

“The steam-heated, gas-lighted idea that a manufacturer in the United States is either a back-room artisan with two helpers or a United States Steel Corporation; that a farmer is either a big ranchman or a poor devil grubbing a few acres; that a man in business must be either a millionaire-employer inhabiting a palace or a white-collared proletarian employe living in somebody else's flat house—this idea may be used to encourage revolutionists and to intimidate business men, but it is absolutely false as far as the United States is concerned. This is shown not only by the few figures given, but also by the income tax returns.

“There are a few very rich men on the income tax list, several thousand fairly rich men, and more

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than 3,000,000 men of middle class incomes. The middle class incomes account for about three-fourths of all the incomes reported. According to the last available returns, the personal incomes of the middle class are near \$15,000,000,000 a year.

"Many smaller incomes and five or six thousand larger incomes make up the rest. Anybody with time and taste for figures can go further and prove more, but enough is enough.

"Karl Marx, the prophet and philosopher of modern revolution, taught that the disappearance of the middle class was the signal for the big change in government, business and everything else. In this respect he was a wise man. The great war, its losses of life and its waste of money crushed the middle classes of several European nations and crippled these classes in others. With what result? See Russia. See Germany. See Austria. There is the answer.

"Was Marx right? He was. And, if he was right, is the United States, its business prosperity, its industrial fabric, its colossal going concern, in any near danger from the Revolutionists? It is not—not so long as the middle class in the United States is what it is.

"Eternal vigilance is the price of progress in business as elsewhere. But at a time when American business has many large problems that must be met now, day by day, it would be foolish to treat the Bolshevik menace as the question of the hour. In four or five years perhaps, but not now—not now."

Countess Gizycha in her advice to the Polish prince, was not far wrong when she said: "Give your peasant more land of his own, for which he will fight and die, and you make for a stronger Poland."

The armies of France became invincible on

the field of battle filled with the warm-hearted home-owners and land-owners of the nation. History shows that France became more powerful after the land was passed out to the peasants. A good thing for the peasant and a most profitable thing for France.

A man backed up to his own home and fire-side will fight to the last drop anyone who attempts to invade its sanctity. For no one thing will man fight longer and for no one thing will he fight better.

A home-owner is a nation's greatest asset and a movement towards making every alien a home-owner would do more towards Americanization than any other single factor. For one in possession of a portion of his country's soil, it becomes more his country than it ever was before.


The best endeavor on the part of the American Government, the state and the municipality, should be used so far as it is practicable, in the conversion of every citizen into a home-owner, for in so doing it makes for a stronger America and a stronger nation.

It can be seen in this analysis that the home-building industry is basic, not alone from an economic standpoint, but also basic from a national safety viewpoint in the making of a more stable, forcible and militant citizenry in the patriotic support of the country's cause.



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Upon every municipality a very great measure of this responsibility rests in creating a condition so far as it is possible that offers every encouragement to the home-builder and those specializing in and identified with the advancement of the home-ownership movement.



XVIII
ARBITRATIONS AND LEGISLA-
TIVE COMMISSIONS

This is an arbitration of wage difference between employers and employes in building construction.

It is the violation of no confidence to say that building construction had gotten into bad repute in this community. There was a general disposition to keep away from it as a thing diseased. Capital avoided it. The wise dollar preferred most any other form of activity, or no activity. And this applied to the whole range of building construction, from the cottage to the skyscraper.

This attitude of the public, added to the profound commercial and industrial depression generally existent, resulted in a virtual famine in housing accommodations and brought about the idleness of many thousands of men willing to work.

It was in view of these conditions that the umpire conceived it to be his duty to aid these parties to rehabilitate the industry in the esteem of the public, the great unrepresented party to this arbitration, but nevertheless the one upon whom the consequences of the award would fall.

The real malady lurked in a maze of conditions artificially created to give the party a monopoly and in rules designed to produce waste for the mere sake of waste, all combining to bring about an insufferable situation, not the least burdensome of which was the jurisdictional dispute between trade members of the same parent organization.

—Landis.

ARBITRATIONS AND LEGISLATIVE COMMISSIONS

Another question having a direct bearing upon the destiny of the American city is what can be done in the way of arbitrations and legislative commissions in correcting abuses and eliminating the evils that have crept into the building industry.

In considering this question we look about to see what leader we have within our midst to whom we may turn for guidance and in whom the masses, in their faith, have confidence that whatever decisions are made and whatever verdicts rendered will be based upon all the equities which the world is now demanding.

We are now prone to ask the question, what would Washington, Lincoln, Roosevelt and other personalities, if alive, do if confronted with the solution of the many complex problems of today?

In life these men had their critics and traducers who later garner their arguments with references to their exemplary acts and quotations from their prophetic utterances.

While we are endeavoring, as best we can, to live closely to the fundamental principles taught

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us by word, example and precept of our illustrious dead, still we must also turn to and recognize the leadership of those now living who are peculiarly fitted and able to guide us along the pathway of truth and justice.

Must the world wait for such personalities to pass from our midst before the principles and fundamentals, for which they stand, may be utilized for the public good, or is human nature so constituted in its selfishness and bigotries in its social and political egotisms and rivalries of the present-day routine, whereby it feels justified in its endeavor to handicap those whose star is in the ascendancy for fear that its brilliancy may throw into obscurity those less capable of leadership, and who are also striving to attain the heights of worldly fame and power.

Every community, therefore, should use to the utmost the very best it has, not only in organized talent, but also in individual talent, and join the forces that are now making up the great army of public opinion that will hasten the eventful day and ultimately bring the world back into the possession and the enjoyment of its own.

There is no question now so vital and so important for the municipality to be solved as the housing problem, the revival of the building industry.

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The city of Chicago, in its efforts to solve this problem, is doing its utmost and using the very best it has, both in organized and individual talent in this endeavor.

LANDIS AWARD

The city, in the selection of Judge Landis as the individual, to act in its behalf, should consider itself fortunate in having such leadership from which to select.

When difficult problems arise and have to be solved, instinctively the public turns to only one kind of leadership.

The city of Chicago, in its efforts to stabilize the labor market so that it will have an equal chance with other municipalities in its civic, economic structure, has instinctively turned to Judge Landis to adjust controversies that are destroying the building industry and causing more damage to the loss of the general public than any other single factor.

In Judge Landis we have the typical leader, fearless, honest and sincere. While his enemies may have criticized him and his friends were sometimes skeptical about methods and viewpoints taken, nevertheless the public respect at all times for his judgment has never diminished.

Lincoln's strongest points were his sincerity and honesty. He understood the soul of men,

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but in the advancement of himself used his knowledge unselfishly in the advancement also of right and justice.

So in Judge Landis we find the same qualities, fearlessness, honesty and sincerity, which are, in fact, the only yardstick that truly measures the permanent public popularity of the individual, both in the quick and the dead.

In submitting the deadlock to Judge Landis, both sides, by mutual consent, agreed to abide by his decision.

In his analysis he found that wages were less important than wasteful practices, even in ultimate costs.

In dealing with this problem he made alternative awards, with wages reduced in both cases.

The decrease from war wage rate, however, would be relatively small where the unions would assent to elimination of waste, enforced by union rules, and when such assent was refused wages would be made lower to compensate for extra cost of waste compelling rules.

The majority of the unions took the first, but the carpenters and a few others revolted against the award because they would not yield their restrictive practices made for "waste for waste's sake."

A citizens' committee was formed to enforce the award and twenty-two building trades stuck by it.

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The citizens of Chicago believe that the award handed down by Judge Landis, if lived up to honestly by both contractors and unions, would make impossible the graft and combinations which have been rife for years, and would permanently place the building industry in Chicago on a basis fair to the working man, contractor and the public.

The principles upon which this award was made are as follows:

(1) Peaceful adjustment of disputes; (2) no stoppage of work either individually or collectively; (3) non-union men may work with union men in the case of scarcity of help until such time as union men may be obtained; (4) any journeyman may use in his work the tools of any other trade; (5) small tasks of thirty minutes' duration in any one day belonging to any trade may be performed by any other trade at the discretion of the employer; (6) first two and one-half hours over time at one and one-half times the regular wage, beyond this, Saturday afternoon, Sunday and holidays, double the regular rate. Shift work will be paid at the regular rate; (7) no restriction of output. No restriction as to the use of machinery, methods or appliances. No restriction against any raw material or manufactured material, except prison made; (8) employers may employ or discharge whomsoever of the union they please,

and employes may work for whomsoever they see fit; (9) the foreman is to be exclusively the agent of the owner; (10) nothing shall prohibit an employer or one member of the firm from working on his own job.

In the building trades that did not stick by the award, open shop conditions were installed, the award having made provision for such contingencies, when a union failed to supply men, as required under the terms of the award.

Building activity took on new life and when some of the contractors, seeing the scarcity of labor developing, threw aside the Landis award wage rate and offered a higher one.

Naturally the position of the revolting unions were strengthened thereby, weakening those who had lived up to the agreement.

The carpenters threatened to secede from the Builders Trade Council if it did not throw overboard the award.

The protest of Chicago building trades union members to the reduction in wage per hour and the elimination of restrictive working rules under the Landis decision is answered most effectively by figures just issued from the office of Building Commissioner Bostrom. "These figures for February (1922) show an increase of 58 per cent in apartment building permits over January. The total of 634 permits issued last month for apartments, residences, industrial

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and miscellaneous buildings was more than twice the number issued in February a year ago.

“There could hardly be better evidence of the practical value of the Landis decision, both for the public and for the tradesmen whose wages were reduced by it. Of course the Landis decision is not entirely responsible, but it helped. Assuming, for the sake of the discussion, that the total reduction of the workers’ pay is 20 per cent, the increased amount of building under the award means that workers in the building trades here are earning a total of 60 per cent more than they earned in the same period a year ago. In other words, it might be figured roughly that if 30,000 men were earning \$7,500,000 in March a year ago, 60,000 men will be able to earn \$12,000,000 this March.

“Certainly that is not only good for the community, but good for the building trades workers as a whole. In the first place, it promises to reduce rents by making more homes available, thus making not only the trades union man’s money go further, but doing the same thing for every other worker. In the second place, it increases the purchasing power of the building tradesmen by some \$4,500,000, thus helping to improve demand and start wheels to turning in all other industries. It means more work, and more work is the solution of most of our economic difficulties.”

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Many instances are occurring, however, to prove how inexorable is the law of supply and demand. No difference at what price labor and material is fixed by man, court or government, when the demand for both reaches a point where the supply falls short of the demand and the demand for a given period becomes greater than the supply of labor and material, the price of both advances beyond the fixed rate, and when the lever is reversed, it falls below.

There seems to be no way to get away from this fixed fundamental principle unless we act upon the advice of the wag who offers the suggestion that the only thing to do is to repeal the law of supply and demand.

The willingness and ability to pay the price, on the part of those entering an abnormal market, in order to speed up production and complete work within a certain prescribed period, if numerous enough, naturally forces upward the cost of both labor and material.

LEGISLATIVE COMMISSIONS

Another factor doing its part in correcting the abuses that have crept into the building industry, and one which has a very important bearing in working out the destiny of the American city, is the Dailey Legislative Commission of the State of Illinois.

Corrupt practices of the associations of mate-

rial men and the criminal operator of dishonest business agents are responsible for the stagnation in the Chicago building industry, says a preliminary report of the Dailey commission recently submitted to the state legislature which continues as follows:

“Artificial burdens placed upon building by crooked business agents and criminal associations connected with the building industry have increased the cost of building in Chicago at least 30 per cent.

“These agencies are largely responsible for the housing shortage in Chicago, the almost complete cessation of building and increased rentals.

“Notice is served upon the associations of building material men in the report that the permanent commission plans a thorough investigation of their price-fixing methods.

“The commission charges these interests by ‘desperate efforts’ defeated the proposed state law to curb criminal combinations in restraint of trade and impose severe penalties for violations.

“Associations of material men have been guilty of practices as hurtful to building operations as the criminal practices of crooked business agents, the report reads.

“The financial burdens imposed upon the building industry by these associations are

greater even than those imposed by the grafting business agents.

“Exchange of cost information, pooling of bids, exchange of bids and price lists, reporting to each other of bids and contracts, average costs systems, restrictive agreements with labor unions, agreements with dishonest labor leaders and many forms of ‘co-operative competition’ and other euphemisms have served as devices for the restraint of trade and the inflation of prices of building materials.

“Recently, as a result of bringing to light violations of law as detailed in the testimony of witnesses before the commission, a special grand jury was empaneled on the petition of the state’s attorney of Cook County. To date the grand jury has already returned twenty-four indictments against forty persons. Some of the defendants have been indicted for several transactions, and the total number of parties defendant is sixty-two.”

In the treatment of the Landis award and the Dailey and Lockwood Legislative Commission here, it is done in order to show the many factors that are at work throughout the land and the many angles from which the subject is being treated by different individuals and groups everywhere, each adding its moiety of benefits to the common good, all of which are gradually crystallizing public opinion into the formation

of a common policy and unit of action that should eventually correct the abuses and eliminate many of the evils that have been heaped upon the public during a period of national helplessness.

MUNICIPAL WASTE

In this connection our minds involuntarily turn to some of the notable instances of federal, state and municipal waste of public money caused by the laxity and looseness of business methods employed by officials in placing contracts for public improvements.

Probably one of the most notable instances of the kind engaging the public attention at the present time is the controversy with the board of local improvements of Chicago, arising out of the charges for expert services, authorized by the board, amounting to nearly three million dollars, whereby it is alleged that the fee is greatly in excess of the services rendered.

The objectors contend that the maximum cost involved by those contending for the few will not exceed fifty thousand dollars, making the variance between the two amounts so great that the attention of the public is naturally aroused and interested in seeing what the results will be when tested out on its merits.

As to the merits of this discussion, we know nothing. There may be no moral turpitude

whatsoever on the part of any of the officials or others in connection with the transaction; but if there is this approximate variance between the actual cost to do the work and the fee charged it shows at least a woeful laxity and looseness in business methods that municipalities will sooner or later be compelled to take notice and correct.

It becomes now the imperative duty, therefore, on the part of the ones who are compelled to pay for needless waste and improvident business methods, to inaugurate a movement big enough and broad enough to study and analyze this serious handicap in the development of our cities, whereby some check may be placed, somewhere, somehow, in a body of unimpeachable character that will make conditions of this kind practically impossible.

Following closely in the wake of the expert fee controversy comes the school board scandal, arousing the public consciousness to the fact that there should be not only a penalty prescribed for the betrayal of a public trust, but something done in the way of a preventive for the looting of a public fund.

"The demagogues are in business politics for their own good," says a statesman in commenting on prevailing conditions, "exploiting the people in their own name for political power and personal interest, playing upon the credulity

of the people who think that if a politician talks loudly enough of their welfare, he does not have his own interest in view.

“We have demagogues talking of the conscription of wealth, of the rule of the people and of the overthrow of capitalistic intrigue, and working constantly for their own gain at the public expense. The expert fee scandals, the school board scandals, the scandals which reveal how public money disappears in private hands, unmask them.

“In Russia the arch demagogues reduced a great nation to famine, plague and ruin to gain the power and wealth which they craved.

“Demagoguey is the most dangerous element which can be introduced into a state, one of the most easily introduced and the most costly.”



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XIX

DESTRUCTION *vs.* CONSTRUCTION

The desire for the comforts and luxuries of life are the human impulses if rightly pursued along constructive rather than destructive lines, that represent a beneficent force in the upbuilding of a nation, resulting in the creation and acquisition of wealth.

After the creation of wealth, then comes the problem of re-distribution, so that the benefits accrued shall reach a greater number and not perpetually confined to the uses of a selective few.

In attempting to accomplish this purpose, two ways are now on trial, one by revolution and the other by evolution. The former in the use of force, by attacking the functions of production and distribution at its source, resulting in the destruction instead of the distribution of wealth, with suffering and misery, to both rich and poor alike, known as the Russian way.

The other by evolution, in not destroying the incentive to create, by reducing all to a common level, but in the application of sane economic principles, forcing through wise legislative enactments, revising taxation, so modified so as to cause no serious restraints in industry, so graduated so as to create no inequities, so adjusted so as to check inordinate accumulations and the piling up of vast wealth in the hands of the non-producer.

—*Municipal Problems.*

DESTRUCTION vs. CONSTRUCTION

In the fight against building construction in the city of Chicago under the Landis award, force and violence have been substituted for law and order, finally culminating, not only in great destruction of property, but also injury to scores of people and in loss of life.

Labor organizations in this city have been infested for some time with an anarchistic element who pose as labor leaders, who have undertaken to prevent all building construction unless it is carried on in terms and conditions that will yield them tribute.

These men care nothing for the real interest of labor so long as they may perpetuate conditions under which they can live easily by graft and extortion.

The chief of police, in his report, makes the following statement:

“For several years past a gang of professional thugs have gradually gained executive control of a number of Chicago labor unions. Through intimidation and violence they have worked their way into the inner councils of certain unions until they have become absolute dictators of the terms on which a man may work,

for whom he may work, when and where. This grip is so tight that by systematic blackmail of workers and their employers alike they have accumulated large sums of money, which they have used in bribery and corruption on a scale so enormous that they have been almost immune from successful prosecution."

In commenting upon these conditions the *Buffalo Express* publishes the following:

"Chicago's labor war assumed more serious proportions recently when two policemen were shot and killed, another wounded, and two buildings were bombed. The incidents were in widely separated parts of the city, but there is hardly a doubt that they were part of a campaign of organized terrorism.

"Dissatisfaction among the more radical labor men over the Landis wage award started the war, which already has resulted in the destruction of thousands of dollars' worth of property and the injury of scores of people, besides the loss in wages. Judge K. M. Landis handed down an award as arbiter in the dispute between building trades workers and employers which was deeply resented by the union men because it condemned utterly those absurd rules, an outgrowth of the war, which mulcted the builder and did no good to the workers since they bred a belief that the less work done for the wages paid the more work there would be. This is an

imported principle—the ca'canny system that has been the curse of British unionism for decades.

“The killing of these two men ought to awake Chicago to the necessity of ending the destructive labor war. The more sober minded of the labor men themselves ought to begin to realize that they have been pursuing a course of the utmost folly.”

The *Twin City Review*, a labor paper published at Champaign, Illinois, in commenting on the same deplorable conditions, takes the following commendable position, indicating an awakening on the part of reputable labor leaders of the serious after-effects such conditions may have on organized labor.

“Union labor has once more been slugged and dynamited—and in the house of its friends. Once more the grafting, law-defying crooks, posing as labor leaders in Chicago, have brought disgrace upon a movement that for years has striven to accomplish something for the men and women who toil for a daily wage. And the public, upon which all movements must depend for encouragement and support if they progress, quickly, unthinkingly brands the Chicago type of thugs as representative of the organized labor leadership throughout the country, forgetting the big things accomplished.

“For the Chicago situation, at present, there

is cause for just resentment and criticism. It is true that the decent rank and file are fearful to express opposition or propose any plan seeking to bring about the needed house-cleaning. Personal violence, upon the part of the crooks' gangsters, has been and will be the immediate answer. Interlocking organizations composed of politicians, gamblers, office holders and police officers of high and low degree have brought about a condition that is unspeakable. Decent union men and women must bear the brunt of criticism, but are powerless to effect a remedy. It is a situation typical of Chicago—and the people as a whole, electing their officials of their own free will, are on the way to purge Chicago and its labor movement of leadership upon the part of men who have convict records. It lies solely with the officers of the American Federation of Labor and the heads of international unions to take the stand that will unseat the "card-holders" of this type and place in their stead decent, honest, law-abiding trades unionists who really represent the principles for which organized labor stands. To further stand sponsor for men of this type merely because they possess a little local power and hold union cards is bringing disaster to the labor movement throughout the land."

From the forum and pulpit in Sunday meetings throughout the land, unionism has been re-

counting the many good things it has done for humanity.

It has now become imperative that it add one more good thing to its calendar of accomplishments, and that is the purging from within its ranks the thug leadership that has made a condition of this kind possible.

If unionism fails to make a consistent, conscientious and heroic effort in abatement of these internal conditions, organized labor will have received a most terrific blow.

The American people will tolerate a great many things in a peaceful and orderly settlement of its economic affairs, but there are two things it will never stand for, and that is murder and incendiarism.

STRIKES AND LOCKOUTS

Labor's right to quit work individually or in concert is unquestioned. In other words, its right to strike is the recognized law of the land.

So far as labor's relation with the government on this point is concerned, there is nothing that the government can do that would in any way abridge this right.

Up to this point the government has no dispute with labor. On the other hand, when an employe quits work and attempts to go one step further by looking to the government to concede him the right to prevent, if necessary by vio-

lence, anyone from taking his place, he is asking for something which the government at no time will ever agree to do.

A strike is labor's greatest liability, an irreparable loss; a loss of time that never can be regained.

The right to strike does not imply or carry with it a right to commit unlawful acts of violence.

The object and purpose of government is to recognize a state of irresponsible warfare when it exists, and to use, at once, the power so delegated in looking after the public safety and general welfare of the nation.

Individuals have many rights which they may or may not elect to use at their discretion.

In the exercise of many of these rights it is oftentimes done to the detriment of the individual.

No individual should so exercise a right that creates an injury to himself or another, no difference how inalienable a right it may be.

In exercising the right to strike, facts will ever verify the statement that strikes and lockouts stand for destruction and against construction.

They destroy life and property, create sickness, hunger and misery. They are an economic loss to the nation, both for capital and labor; not only a financial, but a moral and physical loss.

A strike lowers production and raises the cost of living, and when directed against a basic industry is a direct attack on the nation, the pulling away of the foundation of industry so that the superstructure may topple, regardless of what may be destroyed.

A strike is never an asset, but is always a liability, no difference which side loses or which side wins.

Strikes appeal to physical and brute force and very seldom to the intelligence of the classes, and are more often the result of misdirected and limited leadership, rather than the unanimous desire upon the part of the whole to participate.

Industries that perform a quasi-public function should ever be kept within such effective control by the government, as is necessary to public safety and welfare.





XX
CITY ZONING

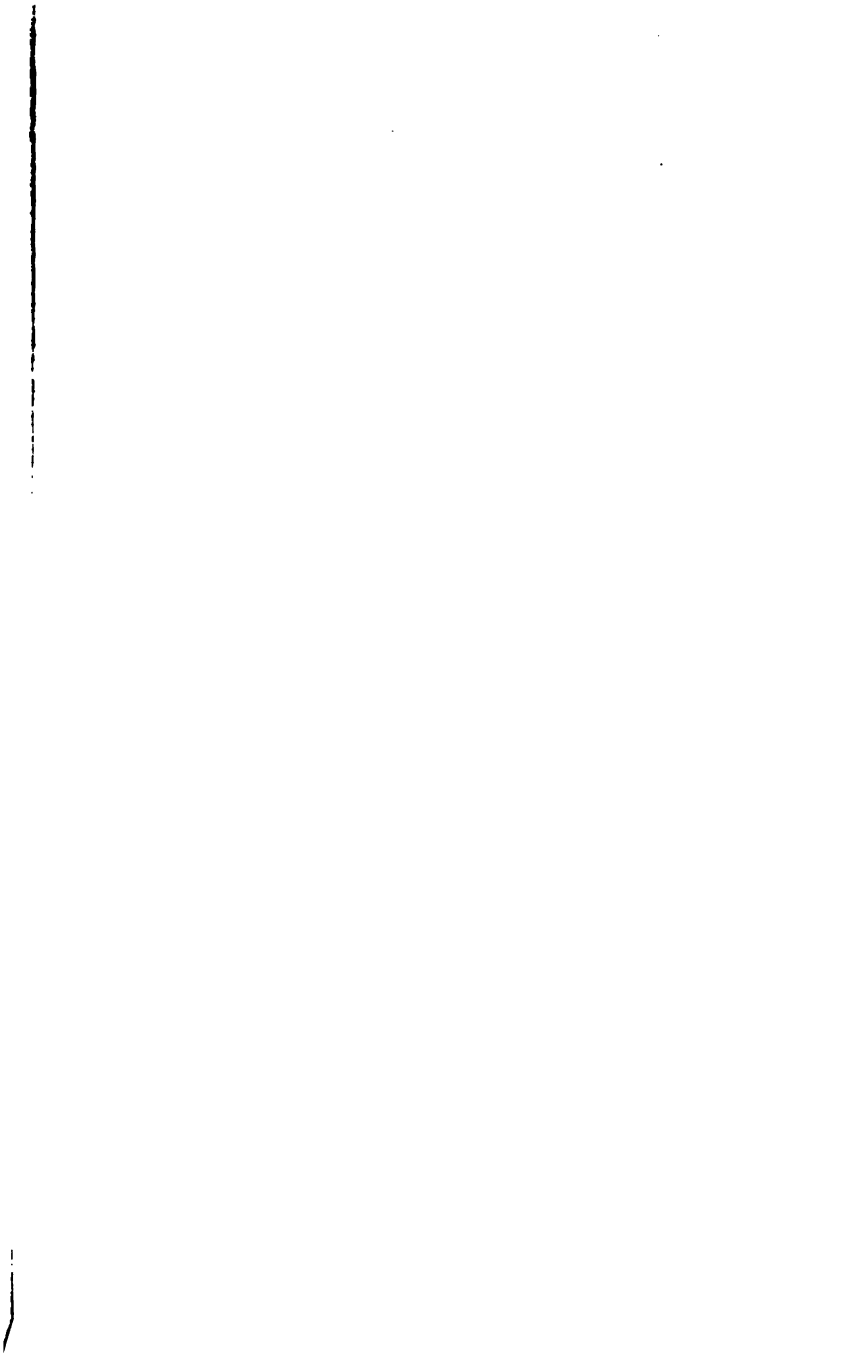
City zoning is really a branch of city planning, although in some localities they have been inaugurated as separate movements. The general idea which lies back of each—that a city to be beautiful must also be planned, efficient and directed in its growth—has spread rapidly. All of the sixteen largest cities of this country have undertaken some form of city planning, either the replanning and improvement of existing arrangements or the foresighted planning for future development. An article in the *National Real Estate Journal* states that before 1900 only two cities had begun city planning. Between 1901 and 1905 three more cities took it up. Twenty-six cities joined the movement between 1906 and 1910; thirty-eight cities between 1911 and 1915; and fifty-one cities between 1916 and 1920. It is expected that more than one hundred cities will start similar work before 1925.

At first city plans were prepared without the aid of special commissions. Now there is nearly always a separate, nonpolitical city plan commission with some state-city commission.

This work insures a finer municipal development from the standpoint of appearance. It benefits industrial and economical progress and protects the home owner.

The American City of the future should be a more orderly, more healthful, more efficient and more beautiful place than any yet developed.

—*Elkhart Truth.*





CITY ZONING

City zoning, while one of our newest municipal problems, is also destined to be a very important one for the careful consideration of the city dweller.

The city of New York, the leader of the movement in America, originally established a building zone with official maps showing districts within which certain prescribed uses, length and sizes of buildings were prohibited.

Other cities, from time to time, have followed in the wake, placing the regulations of these matters under police powers after first obtaining the zoning power from the legislature.

The frequent efforts, in the past, to secure legislation for the purpose of protecting the residential district from encroachment, was the forerunner of the city zoning movement.

To promote the prosperity and welfare of a municipality is a primary object of zoning. In order to accomplish this it is necessary to create and establish, under proper classification, conditions favorable, not only for a proper prescribed residential environment, but also the encouragement of industrial and commercial enterprises as well.

No one questions that a great public service may be rendered in the holding of urban land for future use, and that forcing land into immediate use that should be held for some future and appropriate use may be directly against public interest.

Zoning laws, to regulate, systematize and stabilize the growth of cities, occupy a permanent place in the public thought today.

Lack of proper zoning laws has not only cost American cities millions of dollars in property values, but often cost the life and health itself through congestion and its incidental use.

It is an economic problem, one that not only prevents depreciation on both buildings and grounds, but stabilizes its building use and greatly enhances real estate values as well.

Adopting city zoning provides more orderly districts for the municipality, more harmonious conditions under which to transact business and a most satisfactory living environment. It has been estimated that the unnecessary loss of property throughout the nation, due to lack of proper zoning laws, amounts to a half million dollars annually.

It is apparent, even to the most casual observer, that the most important feature of the work on the part of the commission is the determination of the proper use of districts which makes it necessary to thoroughly study the con-

ditions that now exist in order that provisions, outlined for the future benefits to be derived, may rest on a most stable foundation, consistent with the best development of the city as a whole.

Freedom from unnecessary traffic and noise, sanitation for all, and safety to children for both life and limb, are some of the benefits of zoning for residential areas.

Before a city can be properly zoned an inventory of stock must be taken of its building development. The next step to take is to determine what kind of development is best suited for the general prosperity of the city.

The invasion of residential districts, by business and industries, should not be permitted because it depreciates the value of residence property. On the one hand property zoned is unchangeable and of a more stable value, giving greater security to the investor. On the other hand, mixed residence, business and manufacturing districts make unsightly and unsanitary breeding places for crimes and disease.

The zoning law does not contemplate the recovery of the dollars lost in the past on account of improper developed growth of the city, but the aim is to prevent similar mistakes in the future.

It cannot escape existing business and industry, but can prevent further encroachments.

The zoning law for the State of Illinois, passed

by the legislature in 1922, a copy of which is shown in another page of this book, is claimed to be "the sanest and simplest law yet enacted."

Some parties gather the impression that zoning is an expensive luxury and a burdensome undertaking for the taxpayer. On the contrary, we are informed that this is not true if the proper economies are followed by its proponents. Like every other public improvement, it can be made to cost much or little.

In order to find out what Illinois cities, now operating under this law, think of zoning and the cost of adopting and maintaining same, the following communication from Evanston and Oak Park, Illinois, are herewith submitted.

From H. E. Chandler & Co., merchants, Evanston:

"Answering your letter of yesterday regarding the zoning system in Evanston. Evanston worked hard to get such a law passed and was the first city to take advantage of it in this state. It has been of immense value in establishing the character of the districts, has increased the value of all property and created tremendous development.

"The only regret is that we were not able to have such a law ten or more years ago.

"In my opinion every city should be zoned at the earliest moment—the longer the matter is delayed the more difficult it becomes. If you select men of good character and business fore-

sight, any city can be zoned and a character established and a lasting benefit to all the people."

From Dudley C. Meyers, Secretary, Oak Park, Illinois:

"In reply to your letter regarding the zoning in Oak Park, beg to report as follows:

"In a general way I would say that the majority of the citizens in Oak Park are very well pleased with the results of the zoning ordinance that was passed.

"In reply to your questions:

"1. Oak Park was practically all built up and the character of the town pretty well established. In my opinion I do not think that arbitrarily fixing the zoning would interfere with the growth of a community not built up, providing, of course, a careful study is made in the first place to figure out as far as possible the probable lines of development.

"2. I do not think that zoning would restrict growth. I think it encourages building in the particular districts.

"3. There might be some cases where property would be damaged, and cause liability on the part of the village, but I do not think this is a serious objection.

"4. In my opinion I think it is best to establish zoning as early as possible in the development of a city.

"Oak Park did not engage expert assistance in drawing up the zoning ordinance, which cost about \$1,500 to prepare and publish.

"As regards the annual cost of zoning, the

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secretary of this board is paid \$600 a year and the necessary legal notices cost about \$300 a year."

From F. S. Anderson, Building Commissioner, Evanston, Illinois:

"A large part of the preliminary work, resulting in the passage of the Evanston Zoning Ordinance, was done by members of the City Council and citizens at no expense. A consultant was employed whose compensation was \$3,500. Under the requirements of the statutes at that time, a large amount of printing was necessary in the form of notices, advertisements, etc. The total cost up to and including the adoption of the Zoning Ordinance was about \$6,000. No annual maintenance cost is provided for other than publishing notices of hearings, stationery, etc., for which purpose \$500 has been appropriated."

The zoning law in the final analysis may be summed up as designed, to make permanent business street centers, to limit height and bulk of buildings, to create and protect residence streets from invasion of business, to provide safety, security and permanency to real estate values, to make residence sections sanitary, safe and noise-free, freedom from unjust burdens, to provide more air and sunshine in building constructions, and to protect industrial districts from interference.

American cities have too frequently been allowed to grow wild when intelligent legisla-

tion and direction could have made their growth a permanent beauty.

From the rapid stride already made and great interest now taken in the movement throughout the country, it is a strong indication that zoning will take its proper place and do its part as an important factor in working out the destiny of the American city.





XXI
THE CITY AND THE ALIEN

The United States is commonly regarded as the land *par excellence* of alien accumulation, and in truth the resort to these shores during the last four decades has presented a phenomenon unparalleled in human history. Yet the census of 1910 showed that of the whole national population, less than 15 per cent was foreign-born. To the country as a whole, therefore, the alien influx has not presented any insoluble problem of social assimilation; but if one regards only the cities, and particularly the larger cities, one finds the situation to be very different.

—*Munro.*

THE CITY AND THE ALIEN

While immigration is essentially a national problem for solution, nevertheless the municipality becomes one of the direct beneficiaries of any immigration law that may be enacted. It becomes, therefore, a proper subject of any discussion that has for its purpose the working out of the destiny of the American city.

This is much better understood when we realize "that one of the greatest enemies to the sincere and efficacious process of Americanization is urbanism."

We have before us at the present time numerous plans and suggestions how these problems should be solved. Some are extreme and others radical.

Among the many suggestions offered are the following: That immigration should be suspended for one year. A minimum number be admitted annually. A request for a full year exclusion act. Immigration restricted on a percentage system, based on the number of aliens already admitted and those to be admitted.

A few arguments, gathered here and there, following these suggestions are shown below, giving the viewpoints of a few who have given

immigration problems some study and investigation.

"When the United States has taken a resolute step in the solution of the great problem directly connected with the "digestion" of the foreign masses, who at present congregate in the large cities instead of scattering themselves throughout the country, the problem of Americanization will be more than half solved. The overcrowding of the large cities by foreigners is not only evil to the foreigners, but it is a greater evil to the nation.

"The farmer, on the other hand, is a worker and creator at the same time and he makes the objects which he handles; the fertility of the soil is as much created by him as by the generosity of nature. He builds houses, plants trees and establishes firesides and families. He naturalizes himself before asking for his citizenship papers, and he becomes an active element in the formation of the general wealth of the nation."

From alien sources, those of Nordic strain, we hear the following:

"The Finnish, Swedish, Norwegian, Danish, Dutch, German, that is, the northern European immigrants on the whole, who usually become farmers and miners, should be allowed admission to this country, excluding only those among them who have Bolshevik ideals. Each country

should co-operate with the United States in prohibiting passage to those citizens who are known to be Bolsheviki."

We hear from another who says: "We have always favored restricting immigration to the exclusion of undesirables of all kinds, but admit that it is no easy matter to find the right means by which this can justly be done. At the present time the economic situation in this country seems to demand some temporary check at least, but the laws governing immigration should not at any time favor any class, capital or labor, but only take cognizance of what will ultimately benefit the nation as a whole.

"Immigration to the United States is an economic question governed by the law of supply and demand in the labor market. Honest workers, mechanics and professional men, who are willing to support our constitution and help build up our country, should be admitted after undergoing some literacy test and giving proof of good moral character, health, and so on. America needs good agricultural workers as well as trained mechanics for the developing of the western states, and particularly for the building and other basic industries."

LITERACY TEST

Secretary of Labor Davis offers a plan for the registration and education under the super-

vision of the federal government of all alien residents of the United States. He believes in educating the immigrant rather than impose the literacy test as a qualification for entry.

"Had a literacy test, now given, be applied when my father came to the United States," writes the secretary, "who was born in Wales, he probably would not have been admitted."

Many seeking admission, but unable to gain it because of the test, would be far better citizens than many who meet our present requirements. What we need to do is properly educate for citizenship the millions of aliens now with us and the hundreds of thousands being admitted yearly.

To accomplish this the scope of the work of the present bureau of naturalization should be enlarged by providing a uniform registration of all aliens and a complete system of directing their education along lines which will make for Americanization.

Secretary Davis would have the proposed bureau of citizenship charged with the supervision of the immigrants from the moment of his arrival until he becomes a naturalized citizen, the expense to be met from the small fee imposed when the immigrant first registers, as he would be compelled to do within thirty days of his arrival and annually thereafter.

Five dollars has been suggested as the regis-

tration fee, but the Secretary believes it should be at least \$10. This fund, which immigration officials contend would amount to \$400,000 a year, to be used in part for making surveys, at regular intervals, of public institutions to ascertain the number and status of aliens there and information concerning them, and means to help them.

Every business and professional person remaining in the country for seven years or longer, subject to registration and the payment of the annual fee.

The tendency on the part of the government seems to be a plan to divert immigration to the vast areas of potential agricultural land as a means of preventing the United States from becoming a nation of city dwellers.

AMERICANIZATION

A great work is being accomplished in the field of Americanization of the alien, although the scientists are inclined to make light and berate the work by proclaiming that the theory of the melting pot is nothing but a myth and does not stand up under the crucial test of scientific investigation.

With the laws of breeding carefully worked out, called the Mendelian laws of heredity, which all biologists now universally recognize, rests upon the very firmest foundation, they use

to show the impossibility of assimilating certain strains that go to make up the old type of American citizenship.

The accepted principles enunciated under the Mendelian laws of heredity are "that the germ plasm upon which heredity depends is one of the most inalterable of all forces of matter, that neither precept or principle can change, that climate, occupation, latitude, longitude and environment leaves it for centuries unimpaired."

With all due respect to the natural laws of heredity, it is found that signal success attends the efforts of those who are giving the best thought and most conscientious endeavor in inculcating in the mind of the foreigner the principles of self-government, inspiring them with American ideals, familiarizing them with the outlines of our history, and teaching them to honor and respect the flag.

Even if it does not accomplish impossibilities it should be credited with the good it is accomplishing without berating Americanization for that which it seems no human agency is able to accomplish.

In the early days of immigration, when the old Nordic strain from the Northlands of Europe invaded our shores, we found we could assimilate these people and assume, therefore, that we could successfully apply the rule to persons of any race or blood.

History teaches that it is impossible for us to assimilate the alien outside the Nordic strain. While it may be true, without assimilation it is impossible to convert the alien into the old American type of citizenship, still a great work is accomplished, although perfection may not be reached in each and every case.

Whether it be called Americanization, or by any other name, the results are beneficial, both to the nation and alien, and should prevail. Therefore, instead of discouragement the proponents of Americanization should be given every encouragement by the federal government, by establishing some system of registration and education of the alien similar to these which have already been proposed, by which the alien may be carefully followed up from the time he enters the country and registers until finally qualified for his proper naturalization.

By taking these initial precautions we can safely rely upon American institutions, public school system and contact with young American life in education and guiding his American-born children so that they may become respected units in local and national civic life.

In defense of Americanization, *The Chicago Tribune*, in commenting on Grafton Wilcox's article on the work of the American Legion for Americanization, has published one of the best editorials written on this subject, entitled "In

Defense of the American Heritage," which it is our pleasure to show, as follows:

"We believe this work is the most important service the Legion can perform short of armed defense of the country, and in one sense, it is even more useful, since it may be classified as preventive medicine.

"We hope the Legion will take its Americanization campaign very seriously and push it energetically. But it should not be left unaided. Patriotic societies and civic organizations throughout the country should carry on educational work of like character. We also urge co-operation among all patriotic agencies and the formulation of a consistent program expressed in well considered methods. We suggest, therefore, that the Legion call a conference on Americanization, inviting all the associations interested in the problem to send delegates. In such a conference, which ought to include leading educators and heads of public school systems, the situation could be thoroughly examined and the most effective measures determined upon.

"We think such a conference is needed for two reasons. The chief of these is that it would help to arouse a more general interest in the problem and to advertise the anti-patriotic influences operating in this country. We agree with Commander McCauley of the Illinois De-

partment of the Legion, who has been making a survey of conditions and asserts that our American people feel too secure. 'Some cold facts, bluntly administered,' he says, 'might wake them up to conditions all about them.'

"Commander McCauley refers especially to the situation among non-English speaking residents who are reached by the propaganda of foreign radicalism which is not being counteracted by education in American institutions and ideas. This is a weak spot, undoubtedly, in our system. Many an immigrant comes to us from a country in which freedom, its principles and opportunities, are unknown. What political and social ideas he has are based on conditions in the country he has left. He has no knowledge of American ideas and he cannot acquire it so long as he cannot read our language and lives among his own people in the same condition, though transplanted, or rather removed to our shores. If he suffers want here, he must interpret its causes and seek remedies in terms of the knowledge and theories he brought with him. American alternatives he has no chance to consider.

"There are hundreds of thousands in this situation. Commander McCauley estimates there are in Illinois alone 175,000 above the age of ten who do not speak or read English. But from the viewpoint of our discussion we must add to

them a much larger class who, while they speak and read English, are not really instructed in American principles and who think in terms of Old World revolt because they have not seized our principles or committed themselves to our American conceptions of liberty and progress. They do not cherish the hope Americans have nor seek progress on American lines.

“This large body of our population, numbering perhaps millions, is a force to be reckoned with. It is a disintegrant of Americanism and strong enough to pervert our native institutions and divert the course of our political and social evolution.

“But this element does not constitute the only phase of the problem. The indifferent Americans constitute another. Americans of this generation have not had to fight for their legacy of American freedom. Too many of them are like a youth who inherits the wealth acquired by his father. They take their heritage for granted and only dimly realize its nature and its value. In such cases they are not jealous guardians of American principles and institutions and do not interest themselves in their defense from attack or gradual encroachment. They are open to any sophistry which assails these hard earned treasures and are too ready to accept the superficial criticism which discontent is always bringing forth.

“Our popular education is not very effective for inculcating American conceptions. Flag waving and anthem singing are good, but they do not supply a lack of a reasoned Americanism supported by instruction in the human experience from which our institutions have grown and which is their final justification.

“We think our schools, our press and our organized citizenship, the thousands of clubs and associations which thrive in this country, should undertake definitely and efficiently to educate our public in American institutions and doctrine. The present efforts are not properly co-ordinated or effectively directed. We rely too much upon emotion and expect too much that our American principles will be seized and approved upon statement. What is needed is a clear and reasoned and persistent effort and we ought not to lose time in getting it under way.”

IMMIGRATION AND LABOR

Two of the arguments in favor of a selective immigration law and against a too strong exclusion act are, first, the possible shortage in common labor in order to supply the real needs of the nation, and second, in increasing the home market by increasing the population in the development of the unlimited natural resources of the nation.

In the discussion of these two propositions it brings us up to the industrial angle of the immigration problem and its relation to labor.

On this question, as in many others, we find the radical in both camps. On one side are those for unrestricted immigration, who contend that the suspension of immigration for a term of years will result in a shortage of American labor, exploiting industry and a higher cost of living.

On the other side are those for a closed shop for labor to all the rest of the world, who contend that it is necessary in order to maintain the American wage rate and a higher standard of living for the American wage earner.

Again, those who say that selective immigration will lower the wage rate are asked by those on the other side if this be true; why with immigration at its peak, wages are higher than ever before, showing the relation between unrestricted immigration and low wage rate does not appear to be very close, even less so they contend when you stop to consider that years ago when immigration was at a low ebb, the wage rate was correspondingly low and that the gradually increased wage rate since that time has been in the face of a gradually increased immigration.

From all extreme measures the nation should be guarded. To attain the economic equilib-

rium, it is reaching out for a wise and sane solution of a very complex problem in the hope of doing justice to labor, industry and all alike.

Unlike Europe, American labor knows no caste that binds it down and arbitrarily surrounds it with fixed social laws that handicap individual effort from reaching a higher plane of endeavor.

In America the evolution of the laborer from employe to employer, for the one who thinks and fights, is sure and fast. The mechanic of this generation becomes the master-mechanic of the next. The common laborer works and saves, the housewife washes and scrubs, not that their sons may become common laborers and their daughters washerwomen and scrubwomen, but on the contrary, educated men and women fitted and perfected for higher positions of usefulness.

So under the American system of evolution we see that a few generations remove from the field of common labor those who make themselves efficient for more advanced vocations.

A proper consideration, therefore, should be given as to what extent a suspension of immigration, with American labor a closed shop to the rest of the world, would leave the army of common labor without sufficient reserves to fill up the gaps.

On the question of increasing the home mar-

ket we quote from the pen of Arthur Brisbane, the following:

“What does this country need more than anything else, leaving out moral improvement? It needs for its own protection and prosperity greatly increased population.

“We have room in Texas for more people than there are in the United States now.

“If this country had five hundred million men and women of the white races, cultivating all of the good land, reclaiming the deserts and swamp, buying of each other, we should not need to worry about the outside world, or outside markets.

“We are loosing our European markets because they can't buy, or won't buy. We do not sell to Europe, but to human beings in Europe. If we had those human beings here in the United States we would sell to them. And our only salvation at the moment is that we fortunately have a hundred million here to whom we can sell, with whom we do trade.

“There could be no greater misfortune than laws that shut out immigration of the right kind. We are shutting our doors at a time when millions of the best types of immigrants would come, Italians, Germans, Irish, Scotch, Russians, Bulgarians, and endless others.

“With five hundred millions of population here, educated, trained in process of time, this

country would need to fear no attack from the outside, would not need to worry about outside markets. We would produce for each other and sell to each other. If one hundred million mean prosperity, would not five hundred million mean greater prosperity?

"Thirty-six million in America, according to the Department of Commerce, have 'foreign blood.' They were born in Europe or have their father or mother born in Europe.

"All white Americans, of course, have 'foreign blood.' Most of it goes back not very far, and much that goes back furtherest is the least desirable.

"The United States is built on foreign blood, foreign intelligence, foreign AMBITION.

"This country grew rapidly because those that came were ambitious; they had the energy to cross the ocean.

"The greatest mistake this nation ever made is keeping out what it needs now, more than ever, ambitious, energetic immigration from Europe."

From a recent report we read that "a young Russian girl has won the Colonial Dames' medal for a prize essay on Americanism. That is not surprising. Americans are likely to take Americanism as a matter of course, sometimes unfortunately to the extent of forgetting what it means to them. We would not exaggerate the

heedlessness of youth and our remark applies more pointedly to grown-ups than to children; but it is a fact that Americans, while they may be very proud of their country and of their Americanism, often show a regrettable vagueness as to the principles which have brought an unparalleled welfare to this land of ours.

"We observe this most conspicuously in our readiness to propose laws which are not American in principle and which as they are enacted in passing impulse carry us away from the American system. The drift towards government interference in private activities and private conduct is not Americanism, but Europeanism. Whimpering and snarling over inequalities of material fortune is not Americanism. Reliance upon individual energy and initiative and a shrewd distrust of aggrandizement of government are the basis of true American character, and it is American character which makes American institutions and guarantees their healthy evolution."

A foreign-born American is often more likely to appreciate the virtue of true Americanism, if only by contrast with conditions left behind. Where this occurs, and we believe it occurs more often than not, there is a sound American, whose intelligent devotion to the country can be counted upon in war and in peace.

"True Americanism is not a question of birth.

It is understanding and whole heartedly sharing the spirit of essential Americanism.”

In the final analysis in view of all the facts, the necessity of working out a plan of selective immigration is apparent.

This thought strikes us more forcibly when we review the past and see the prodigious strides this country has made under the old regime, even with all its faults.

While it is true, as everyone now recognizes, that the changed conditions brought on by the war makes this question, at the present time, one of the most important of the hour, still this problem, like every other, must not be arbitrarily acted upon in an atmosphere of inflamed public opinion, without giving whatever course is contemplated due consideration as to possible secondary effects.

A selective immigration law should first make provision to give every protection to labor under the abnormal conditions that now exist, and after this is done to preserve the economic balance between labor and production in automatically filling from without, any gap in the ranks of common labor that cannot be filled from within; but in so doing to promote every safeguard in the selection, in such a manner and in such quantities that in no case will it degrade or lower the American standard.

IMMIGRATION AND LIVING COSTS

From time to time, we have taken into account the different factors that go to make up the high cost of living.

A great many charge the high cost of living up to some vague abstruse cause, more or less related, but general and remote, not realizing that it is the result of the every day demands we are making through the laws we are passing and that the luxuries received as a result of these laws must be paid by all of us by charging them up to everything we buy, sell, use or own.

Up to the present time there were only five primary causes for the high cost of living, itemized and analyzed briefly as follows:

First: Cost of labor and the reduction in the hours that go to make up a labor day.

Second: Increased cost of transportation, half the operating expense of which is the labor charge.

Third: Tariff laws, to keep up American prices.

Fourth: Mounting government, state, county, township and municipal taxes.

Fifth: Special tax mania, with its hunger for everything assessable, now seeking first place in the race as the principal factor in the high cost of living. To all of this we must now add restricted immigration.

Considerable space in this volume has been devoted to immigration problems. Many may wonder what this subject has to do with the destiny of the American city. It makes no difference what restrictions are placed upon immigration under any of the various plans now proposed, if ever put into effect will undoubtedly in the end have a most direct bearing upon the building industry.

So far as the cost of building construction is concerned, as an aid in maintaining and possibly increasing the present high cost of building labor, restricting immigration will be a decided factor. In the start it will mean a curtailment in the supply of common labor and upon revival and expansion of industrial activities, factories will experience a shortage in the supply of common labor which will make it necessary sooner or later to advance the wage.

This will naturally draw from the outside some of those engaged in building construction, at least many of those who would naturally drift into various building crafts now will be induced to enter other activities on account of this inevitable shortage.

The consequent result of this scarcity will be the maintaining or the advancement of the cost of building labor as there is nothing to feed either factory or building construction from below with anything near what it will take to

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to care for anticipated business revival and expansion, to say nothing about the contemplated development of the boundless national resources of the land.

It is not very difficult to see, therefore, with the unlimited natural resources of the country still undeveloped combined with the wonderful possibilities of industrial growth and expansion that it will continually fall to the lot of those less fortunate—the unskilled group who are willing to do the work which skilled labor is unable to do, except at a price which their ability to do other work naturally commands.

If this being the case, we should now commence to figure and be prepared for the shortage of common labor which will result from two things, first in restricting immigration, and second the continual withdrawal of the American born from the field of common labor, owing to the heritage of the American system of advancement for efficiency to higher planes of physical and mental endeavor.

It can be seen how extremely important immigration laws are in possible secondary effects. While selective immigration, up to a certain point, is imperative, we must not lose track, in our aim to reserve for America a superior standard, just how high this standard can be placed before it becomes a closed shop to natural growth and expansion.

A law passed during a period of abnormal depression is oftentimes a misfit when applied to a period of expansion and development.

Laws in their nature are not elastic enough in all cases to be adjusted readily to the rapidly changing conditions of the present era without causing at least some economic loss.

Some economic loss in one direction may be justifiable in order to obtain an economic gain in another.

Our duty, however, must be to carefully study and then openly discuss, not only the possibilities of all the good in every public measure offered, but also the possibilities of all the bad, in order to maintain for the nations, so far as possible, its proper economic balance.

HUMAN WEALTH

Human wealth furnishes a nation with energy in two forms, brain energy and muscular energy, the energy of mind and body.

It has been truly said that "there are better ideas in the brain of man, greater wonders, marvels and miracles than ever were brought out of it." Wonders have been done by man, still greater wonders remain to be done.

With ambition the great driving force, great good has come out of man's rule of the earth, still greater good will come to the world when man becomes more capable of controlling and ruling himself.

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Selecting human wealth from without in such quantities, and for such purposes most essential to the growth and progress of the country, makes it at once a valuable national asset.

In the industrial world, in order to enforce the material wealth of the nation, everything is done that can be done to perfect and improve production.


Scientific knowledge, careful research by university, specialist and every known human agency is employed in placing the product of industry and farm up to the very highest standard and pinnacle of perfection.

There is no more interesting sight in all the world than to look on campus green and watch the students from foreign clime, with ancestry very few generations removed from feudalism and barbarism, in daily contact with the very best there is in American life, imbibing its principles, spirit and all that goes to make up the great American character.

Surely the creation of human wealth, both within and from without, into a valuable national asset, becomes an interesting and most inspiring study as we watch it blending and filtering into American citizenship through the great educational institutions of the land.



XXII
MUNICIPAL GOVERNMENT



Municipal government, especially American municipal government, is certainly the most important and the most difficult phase of government. It is most important because municipal government is "the foundation upon which is built the entire governmental structure of the nation."

—Chang.

MUNICIPAL GOVERNMENT

“There is no such thing as a perfect form of government—municipal, state or national. So long as government must be administered by men, the success or failure of a particular form of government, no matter what its form may be, will be largely decided by the kind of men who are entrusted in its administration.”

For twenty years or more a diligent search has been made to find a more perfect form of government to fit the needs of the American city. As it now stands we have three forms which we may elect to use, the mayoralty, or what is known as aldermanic form, the city commission and city-manager plan.

The desire to divorce politics from local administration of affairs has given impetus to the careful consideration of the merits of any form of government that would concentrate the efforts of those in power upon the local welfare of the city without regard to whether the candidates offered are Jeffersonian democrats or Rooseveltian progressives.

If it were possible for every city to conscript from its citizenry from one to five best fitted to manage and govern, free from personal interest

and emoluments of office, wholly in the interest of the city and taxpayer, it would not be very difficult for every community to become satisfied that it had the nearest possible approach to an ideal and efficient municipal government.

Unfortunately, however, the conscription for this purpose is not in vogue, and we find, in many cases, those best fitted to manage and control the destinies of the American city are not volunteers for an office, now so fraught with the arduous task of forcing through an administration policy founded upon common sense business methods and close adherence to the fundamentals, so essential in the economic chaos that confronts not only the municipality, but the state and federal government as well.

The ideal city government, it seems, would be one that approaches in its management nearest to the rules governing business corporations which are economically controlled and managed in the interest of the stockholder.

It is said that there are over two thousand American cities in which the municipal executive is called by the title of mayor, and in about four hundred others he is known as president or mayor-commissioner, and in less than one hundred municipalities he is styled the city-manager.

The mayoralty or aldermanic form is the oldest of the three types, and until within the

last quarter of a century was found in practically all American cities.

The history of the commission form dates back about twenty years, and the managership about ten years, giving some idea of the rapid progress being made by the newer types of organization.

CITY COMMISSION

Mr. Wilner, of Buffalo, in a November issue of the *Review of Reviews*, writes the following article entitled "Commission Government Under Test."

"The city of Buffalo has been under the commission plan of government for the last five years. Being the largest city in the United States to adopt this system, Buffalo is an interesting subject for study by those who are trying to solve American municipal problems. A remarkable demonstration that the people still approve the experiment after five years of trial has recently been furnished. During the session of the State Legislature, which adjourned on April 16th, a determined effort was made to repeal Buffalo's commission charter. It was defeated by the protests of the citizens, which became strong enough fairly to scare legislators already committed to the change from going ahead with their project."

The story is worth while telling. The impor-

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tant features of commission government, as applied in Buffalo, are that both executive and legislative functions are vested in a council of five men, who are elected at large; the mayor is a member of the council and heads a department, but has no veto power; the councilmen are nominated and elected by a non-partisan system which requires that candidates have their names placed on the primary ballot by petition without party designations and the two candidates for each office who stand highest in the primary go on the election ballot, also without party designations.

Soon after the election last fall a Buffalo member of the State Legislature announced his purpose to present a bill revising the charter. The proposition received little attention at first. No meetings of citizens were held to discuss it, nor was the city government consulted. The citizens gained their first knowledge of what was intended when the bill was introduced at Albany. It was then found that the measure provided for the creation of a larger council elected by districts, equivalent to a board of aldermen, who had held office under the old government and had been leaders in resisting the adoption of the commission charter, originally declared that it had been successful and should stand. At the hearing before the mayor the hall was crowded with earnest citizens, rep-

resenting all manner of organizations, who spoke emphatically against the bill, while but seven persons, including two members of the legislature, appeared in its favor.

The mayor, after holding the bill for the fifteen days that the law permitted, returned it to Albany with a stirring veto. The session was then within three days of the time set for adjournment. The nearly unanimous vote by which the bill had been passed the first time presaged an immediate repassage, but the hearts of the legislators failed them. The evidence of public disfavor was too strong for the politicians. They realized that they had underestimated the weight of public opinion which supported commission government. The local senator who had introduced the bill announced that he would make no further effort in its behalf. The chairman of the Republican County Committee declared that his organization would do nothing for it. No motion to repass the bill over the mayor's veto was made in either house, and the legislature adjourned, leaving the commission charter untouched.

This was probably the one instance in which public pressure turned the New York legislature of 1921 from an original purpose. Such an exhibit of popular approval of commission government after five years of experience may well encourage municipal reformers to strive for a further extension of the system.

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In a recent letter received from Mr. Wilner, a short time after this article appeared in the *Review*, we quote the following:

"The recent election in November changed the situation here somewhat. Neither of the old party organization succeeded in getting its candidates past the primaries. That left the final contest between the sitting mayor, who particularly represented commission government and an energetic brewer who ran principally on wet town promises; the brewer won. While this demonstrates that city politics are completely divorced from party organizations and that a man may run for office on his own hook and win, the result has tended to strengthen somewhat reaction towards the party system and may lead to modification of the commission charter."

This all goes to show the process of evolution through which the newer type of organizations are now passing. The tendency to make, under practical tests, such modifications, from time to time, in the commission charter so as to gradually develop an efficiency, adequately equipped to give the best possible service is very gratifying, indeed, and offers great encouragement to those looking forward to the highest possible type of municipal government to be obtained for the American city.

CITY-MANAGER PLAN

A number of communications have been received from cities throughout the United States now operating under the city management form of government, from which the following have been selected as fair examples of the results to be attained under this plan.

The following is a quotation from a letter recently received from E. E. Parsons, of Springfield, Ohio:

"I am a thorough convert of the city-manager form of government, not on account of being a manager at the present time, but because I was assistant city engineer of the city of Springfield under the old mayor and council plan, which I believe entitles me to make a comparison.

"Some fifteen years ago I went out into the world and worked for private corporations. Twelve years of that time was spent with the Pennsylvania Railroad, learning the practical side of civil engineering and executive work. On returning to Springfield as city-manager, I brought with me the private corporation business methods, which I have found applicable to all occasions.

"I have questioned both the rich and the poor, the manufacturer and the laboring man, and as yet I have not found one person who condemns the new government. I was advised by one of

the big labor leaders that we have the best government today. The reason why the city-manager plan is higher in quality of government is because it is more democratic, more sensitive and more obedient to public opinion. There are two very important and superior features about this plan: One is the short ballot principle, and the other the unification of powers.

“In using the short ballot, you are given time for adequate and thorough examination of all the qualifications of the candidates. In other democratic countries, such as England, they elect an officer in one day. In the United States they elect 10, 20, 30, 40, 50 officers in one day and the consequence is that we are unable to obtain the qualifications of all participants, therefore we resort to unauthentic information sent out by the politicians. The short ballot is the people’s ballot and the long ballot is the politician’s ballot. Most city-manager charters stipulate a short ballot. In the city-manager form of government they elect three councilmen or commissioners at one time, and two at another, giving ample opportunity to obtain all data necessary regarding the candidates.

“The unification of powers, or the basic merits of city-manager government, means the reposing of all powers in one single place, such as the council or the commission. This gives to

the whole mechanism one single, controlling, composite mind, which is essential to success of any organization. The mayor and council plan does not give the unification of powers, but it permits deadlocks, and the passing of the buck. It is the power to veto the acts of the council or the commission. If the mayor was given this power it would be a two-headed government instead of a one-headed government.

"The advantage in having a city-manager is obvious to most any business man. For council many minds are needed; for execution one single directing head is required.

"It is essential to the plan that the city-manager be appointive; even a freak feature of one city-manager charter, which subjected the manager to direct recall by the people, was damaging to the principle involved, since it diverted from the responsibility of the council or the commission. He should be a servant of the council or commission, or else they cannot be responsible for his acts. He in no way should be independent of it.

"Making possible that the city-manager may be hired from out of town is not only helpful in getting trained service, but is highly important to the growing profession of city management. If a city-manager could not look elsewhere for a similar position, in case he is displaced, or outgrows his city, a powerful in-

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centive toward the development of personal efficiency would be lost. The fact that the city-manager may be hired from out of town is not only helpful in getting trained service, but it is highly important to a smoothly running mechanism.

“In all plans involving elective executives, long tenures are rare. To rid us of the amateur and the transcendent executives, such as some of our mayors are, and to facilitate the substitution of experienced executives in municipal administrations is enough in itself to justify the coming of the city-manager plan.

“If one is so fortunate as to get the new government, they will have gotten their own government in such shape that they can hold their own with other private corporations in competition for competent executive talent providing these attractive conditions: Tenure for as long as the individual makes good, a chance for advancement and a professional reputation and a chance to achieve things by familiar, straightforward, unencumbered business methods.

“Today the winning principle is to simplify and clarify the processes of government, so that everybody can well understand and take part effectively without special attention or effort. Politics under the new form of government are primitively bare and simple, so that there is nothing for the politicians to specialize in.

Every citizen can and will pick out his own favorite five candidates without referring to party label or ticket, or without getting some interested person to guide his hand for him. The candidate has no one to look forward to only the voters. The old intermediary machine, which has its ready-made tickets, will have no function. The non-political ordinary business citizen who counts for so little in old politics will find himself exercising his full control under the new plan.

“The city-manager plan is the most successful form of government since the writing of the Constitution of the United States. It has been specifically proven, both in private and public business, that when authority is controlled by one head the results are obtained more quickly. Some of you may state that the results obtained by government officials are wasteful. I will agree that this statement would be correct, provided the officials were elected on a partisan ballot. It is thoroughly understood that when a partisan official assumes office, he has political obligations to fulfill and the party of which he is a member will no doubt receive a majority of the favors. Furthermore, when the office-holder takes office he is elected for a certain definite time, and if he or she is not of an energetic type the public must suffer for the entire term on account of the inactivity.

"The commissioners are elected on a non-partisan ballot with the provision stipulating that no effort on the spending of money will be allowed. The rate of pay is so small that the individual will not consider running for the office for financial gain. I would suggest that if you have a commission to elect that they be elected on the basis of a minimum salary. After the commissioners take office they appoint a city-manager to serve at the will of the commission. If the commission should so desire, at the next meeting night after employing the city-manager, they can very well discharge him. I consider this advantageous from the point of view that it keeps the city-manager on his toes and makes him more efficient. I will venture to state that 99 per cent of the private corporations in the United States today employ their officials in the same manner, and were it proper and best to employ them by contract for a certain definite term, the plan would have been adopted long ago. In adopting the city-manager plan you are placing your city's business on a private corporation basis. Government ownership has been tried time and time again and as yet it has not proven successful. Why? Because politics have always been injected into it. The natural trend of humanity is in the line of the least resistance, and if an individual who is not industrious or competent should obtain a

position by politics, he will endeavor to use politics to hold his position. But if he is capable and industrious and there are no political wires to pull, he will produce the results.

"A campaign was waged in Sacramento, California. The chamber of commerce in that city sent out letters of inquiry to private citizens in different cities where city-manager form of government was in control.

"It was a significant fact that in the letters of response there was a sweeping expression in favor of the city-manager plan, and in not one instance was there declared that the plan was a failure. On the contrary, there were many very enthusiastic endorsements of the method. Thus it was shown that there is nothing widely theoretical about the plan. It actually works and works to the advantage of all the citizens. This, after all, is the greatest essential of good government. Private corporations cannot be successful unless the majority of voting stockholders are loyal, and if all of you owned voting stock in a private concern, it would be your personal endeavor to see to it that such officials were appointed as would bring prosperity to your company. The same condition prevails with the cities. Every voter is a stockholder in the municipality, and it is to his or her interest to see to it that officials are elected who will be a benefit to the city. If you purchase a property

in the city in which you live, you are increasing your obligation to that municipality and it is therefore to your interest to help make the city beautiful and to give help to every civic movement. In my opinion there are just three ways to eliminate the wasteful and inefficient methods of municipalities: Elect your officials on a non-partisan ballot and minimum salary wage, and your appointive offices for no definite term.

"At a recent meeting which was held in Columbus, Ohio, by the members of the Ohio State Tax Commission, I was very much surprised to learn that they were well aware of the fact that Springfield was in better financial condition than any city in the State of Ohio. Why? Because we have had the city-manager form of government since 1914 and as yet the people are not dissatisfied. Springfield is a city of 61,000 people and we only have a tax rate of \$17.60 per thousand.

"The majority of citizens are not familiar with the inner workings of their municipality because as a rule their time is so employed with other affairs that they are not in position to make an investigation. It is remarkable, to one who has not been a resident of the city of Springfield for a number of years, to note the advancement which has been made, as it is very apparent. Also it is realized that almost one-half of the value of all improvements that have

taken place during the history of Springfield (or since it became a corporation in 1850), have been made during the last eight (8) years, or under the city-manager form of government. I will endeavor to give a few of the most important improvements that have been made since the commission-manager form of government has been in effect and in my opinion one can well see the advantages of the new government.

"The commission ordered and the public utilities removed all wires and poles from the streets in the center portion of the city, facilitating the handling of fires and relieving congestion in the down town district.

"Six and one-half miles of single track of street railway extensions have been made.

"Two additional parks or twenty-five acres of land have been turned over to the city for park purposes.

"Extensive improvements have been made in the water works department. Our water rates compare favorably with the water rates along the lake front where it is cheap. During the year of 1920 we paid \$6.00 per lineal foot or \$25,800 for 6,000 lineal feet of pipe to be laid.

"An extensive lighting system has been installed and is composed of 340 cluster lights which has been commented upon as being one of the most beautifying elements in the city of Springfield, Ohio. It might be well to state that

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in 1913, under the mayor and council plan, the city had 566 electric arc lights and 950 gas lights for which the city paid \$54,003, and in 1920 the city had 340 cluster lights, 683 electric lights and 998 gas lights for which they paid \$54,211. It can be readily seen that the city is receiving more artificial light than in 1914, with a reduction in rates which was no doubt brought about by the influence of the commission.

“Twenty-seven miles of cement sidewalks and seventeen miles of cement curb and gutter have been laid at a cost of \$181,000, or 30 per cent or three-tenths of the total value of cement sidewalks, curb and gutter ever laid during the history of Springfield. Thirty-seven miles of sewers have been constructed at a cost of \$530,000, or 40 per cent or two-fifths of the total value of all sewers ever constructed in the city of Springfield, Ohio.

“Twenty-two and one-half miles of streets or 484,000 square yards of paving have been placed at a cost of \$1,200,000, or 60 per cent, or three-fifths of the total value of all paving ever placed in the city of Springfield.

“The unencumbered balance of the city in 1913 under the mayor and council was \$664,000 and today the unencumbered is \$1,264,000, or approximately 100 per cent or double that of 1913. The valuation of the city in 1914 was \$58,000,000. In 1921 it was \$92,000,000, or 62 per

cent increase. The tax rate granted the city by the budget commission for all city purposes in 1914 was \$6.30 per \$1,000, which netted the city \$365,000.

"In 1921 the tax rate, as granted the city for all purposes, was \$4.30 per \$1,000, which nets the city \$400,000, an increase of 9 per cent. We received from taxes per capita in 1914, \$7.30; in 1921 we would have received (if it had not been for the additional two mill levy) \$6.56 per capita, or 0.74 per capita less than was received in 1914. We should bear in mind that the population of Springfield in 1914 was 50,000 and in 1921, 61,000.

"The city commission, in taking over the government from the mayor and council plan, took with it a debt of \$1,500. Since that time the city commission has issued city share bonds to the extent of almost \$1,000,000, making a total debt of \$2,500,000, and yet today the city only owes \$1,680,000, or \$180,000 more than it did when the new government went into effect in 1914. Since 1914 the city has paid interest on the \$1,500,000 of about \$600,000; deducting the \$180,000 from the \$600,000 we have left \$420,000. If the city commission had gone into power with a clean slate or no debt they would have in the treasury to the credit of the city \$420,000 surplus. The city has operated on a cash basis during the last eight (8) years. The commis-

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sion has always endeavored to issue ten-year serial bonds or short time bonds, and one can well see that this government is not making debts for the future generation to pay.

“There is no comparison between the mayor and council plan and the city-manager plan. There is nothing theoretical about this new form of government.”

Mr. C. W. Koiner, city-manager, Pasadena, California, under date of January 25, 1922, writes as follows:

“We take the position that the city-manager form is superior to any other form of municipal government—the proof of the pudding is in the eating and not in the promise of the cook. The fact that the city-manager form has grown since 1908 until there are about four million people under its form of government—(there being two hundred and fifty odd cities under the manager form, none having gone back since their charter provided for this form of government, that is to the knowledge of the writer), and the fact that more cities adopted the plan where it is best known should be proof that it is much more effective than the old method. The reasons for its effectiveness is that it is a one-head government rather than a five-head. Under the commission plan, or any other plan where the authority is distributed to various heads, there is conflict. The best form of management has

been demonstrated in private practice by the modern operation so far as efficient management is concerned. This principle should be combined in municipal management, so far as it can be, with that of the consolidation and handling of the city's social problems. It helps to eliminate so-called red tape, enabling results to be obtained as contrasted with delay under other forms of municipal government. Of the larger and best forms in city-manager plan, the people elect their council or board of directors and the city-manager then makes all appointments of heads of departments, and has entire control and management of the city's affairs and the enforcement of the ordinances governing the city. We find that full authority should be given the manager for the most effective work.

"Pasadena has always been well governed, both under the council and under the commission form, but since the city-manager plan has been instituted it is apparent under the new plan that certain work can be done more effectively.

"Of course under any plan if you do not have a good council or good directors the municipal administration will not be carried on as well as where the city has the right kind of officials in office, but even with competent councilmen under the manager form the people are enabled

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to know who to blame and where to put the blame."

J. B. Ferber, city-manager of Elizabeth City, North Carolina, writes, under date of January 21, 1922, the following:

"Replying to your letter of January 16th, I wish to advise that I have only been city-manager since June, 1921, but I feel that it is much better than the commission form, as the city-manager can act without having to wait for the commissioners to meet and give orders as to what this and that one wants and those that they represent.

"If your city-manager is a fair man, he will do the work where it is most needed and look after the expenses and see that the work is done as economically as he would his own business. All that is purchased for your town will come under the city-manager, and I would say, do not have too many committees to handicap him. If he has to consult all the board, he will not be as efficient as he otherwise would be. I think it well to have two as a committee for him to consult when there is much at stake and that the two should be of the best business men that you have on your board."

From the City of Houston, Texas, we received the following:

"Your letter of January 16th in regard to Houston's form of government has been re-

ceived and wish to state that the commission form of government, as in effect in this city, is a great success.

"Houston adopted the commission form of government in 1904 by a vote of the electorate. Prior to that time the government was operated under the aldermanic form. There is really no comparison between the commission form of government and the old system, and the results speak for themselves.

"The government of Houston is as follows: The mayor, who is executive head of the municipality and also police commissioner and the following four commissioners: first commissioner, land and tax commissioner, street and bridge commissioner and water commissioner, all elected by the people for a term of two years and all serve the entire city instead of any particular portion.

"The commissioners form what is known as the city council, and are the legislative body of the city. All municipal department heads are appointed by the mayor and council, except the controller, who occupies an elective position. Department chief clerks are selected by the various department heads; all other employes, except those of the day labor service, are selected by the civil service.

"The position of city-manager has recently been created and the creation of this office is

another step in the march of municipal progress. The city-manager is the executive assistant to the mayor and is the actual business head of the city government. He reports direct to the mayor and council.

"The mayor and commissioners are in active session from day to day, each devoting his entire time to the city's welfare. They are easily accessible during all business hours, and by one citizen as easily as another. Public council meetings are held regularly. The old form of government under which Houston was operated might be termed the political system, including the iniquitous phrase, 'The spoils system.' The present commission form of government, with a modern civil service in operation and a city business manager, devoting his trained energies and applying business methods at every angle to the organization, means that Houston has joined the great progressive cities of the nation and is rendering to her citizens a high class, efficient administration of their affairs and is serving them creditably."

Cities, unlike individuals, are not all alike. A dietary prescribed for one may not be altogether suitable for the other, although a slight modification may be all that is required.

While it may not be possible to evolve for the American city of the future a certain prescribed form of municipal government suitable for one


and all alike, it is reasonable to expect that all three forms may be used effectively with such modification of each that were best adapted to the various conditions presented.

Surely the progress being made with the newer forms of government can not help having a stimulating and beneficial influence over the old, so as to relieve it of many of its present objectionable features.





XXIII
BUREAU OF MUNICIPAL
RESEARCH



***Municipal waste*, through the masterly inactivity of public officials and through the failure of different departments to work in harmony, has become proverbial. Yet it may be debated whether public authority has displayed these shortcomings in a degree relatively greater than that shown by civic welfare organizations as a whole. The overlapping effect among these latter is so notorious as to warrant the suggestion that the professed friends of municipal reform should begin by setting their own house in order.**

—*Munro.*

BUREAU OF MUNICIPAL RESEARCH

“Worth while improvements come slowly. The habit of haste without knowledge is expensive.”

Every American city should establish for itself a Bureau of Municipal Research in a nature of an independent citizens' organization of constructive criticism and co-operation to stimulate citizen interest and thereby advancing administrative efficiency similar to the Toronto plan with such modification as will best meet conditions here. The fundamental basis of such a bureau to be, first, ascertaining the facts through careful research, second, analyzing and interpreting the facts, third, publishing the facts with constructive suggestions based thereon.

One of the greatest drawbacks to municipal development is the fact that the average citizen takes no interest and very little or no active part in administrative affairs of the city.

True, something may occur in municipal affairs to arouse his indignation, which he thinks should be corrected, but which he concludes, upon reflection, too great for individual effort. Overcome with the sense of helplessness his

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mind soon drifts away from thoughts of public welfare to matters of more personal interest.

This feeling of helplessness, on the part of the individual, would soon be dispelled, if it were possible to place his suggestions before a responsible independent organization, that would ascertain, weigh and carefully analyze the facts.

The benefits of such an organization would immediately raise the standard of efficiency on the part of the individual as a factor in municipal betterment. This organization to be founded in the belief that the securing of effective government depended on the building up of a large body of informed citizens and to recognize, from the start, that the problem is an educational one, and in its solution, requiring not only days and months, but years and decades, and the failure on the part of so called reforms are frequently due to their impatience with slow thorough going methods and their resorts to short cuts, which lead to spectacular results in a period of inflamed public opinion, but secure little or no permanent advantage, frequently leading the citizens in a more apathetic and depressing condition than they were before.

The bureau is to consist of a voluntary association of citizens whose chief aim is to serve all the citizens, to promote informed citizenship, and through this, to establish desirable conditions of community life by co-operating with

other citizen organizations in promoting the city's interest.

To assist in formulating a systematic program of conscientious endeavor in municipal affairs. Separating the good from the bad, crystallizing public sentiment into united action to become a standard or yard stick by which all proposed activities may be carefully weighed and measured in advance.

For the administrative forces, conscientiously endeavoring to do the duty assigned, a Bureau of Municipal Research would have its benefits.

Its stimulating influence would not only tend to force it up to the highest point of efficiency, but would also be a source of satisfaction in carrying out an administrative policy, feeling that the issues had been properly weighed and analyzed in advance, enabling them to act upon the consensus of opinion of the whole, rather than upon the opinion of any portion or fraction thereof.

Upon the collection of facts and proper analysis of same to publish the findings with such suggestions and recommendations as it may be disposed to make in the interest of the city and to bring results, pressed through continuous publicity.

As a means to its main end of stimulating public discussion of municipal issues, to publish, in bulletin form, covered periodically, every phase of the city's business.

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To issue to the city council, and various civic boards, open letters on matters of great public importance, the bureau to make no criticisms without offering, at the same time, a constructive suggestion.

It should refuse co-operation with no persons, organization or department, when such co-operation has, for its aim, increasing efficiency of community undertakings, and when the bureau has the necessary facilities for doing effective work. The following are a few of the phases of community life that may now be properly studied and analyzed by a Bureau of Municipal Research, reporting the facts in the open forum with such recommendations for adoption as it may have to offer:

Studies in municipal government.

Spending other people's money, wisely.

Encouraging public improvements by adopting economic business methods and cost of construction.

How cost of public improvements may be reduced.

The necessity of consistent fight for retrenchment and increased efficiency during the present critical period of deflation.

Increased efforts on the part of the municipality, to effect economies during periods of inevitable expenditure, the aftermath of war.

Taxation, how reduced.

Housing.

The city budget.

City parks.

City auditing.

Community service and philanthropy.

Surveys of city schools, reports and recommendations.

The personnel of municipal government.

Zoning and city planning.

Public utilities.

Organization of civic welfare work.

Wise municipal financial policy.

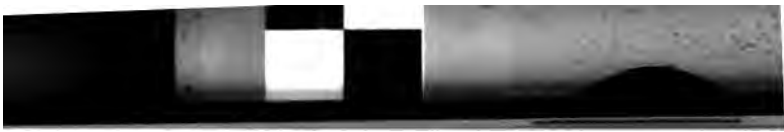
Maximum public improvements at minimum cost.

The lack of information and proper publicity from authoritative and unprejudiced sources oftentimes fills the electorate with a feeling of doubt and uncertainty.

Issues properly considered, analyzed and weighed with constructive criticism and action after the facts, rather than criticism and inaction before the facts, should be the slogan.

It must be understood that improving the city improves the state and nation. To work from within, gradually expanding into a broader and more intelligent citizenship, would be the result of a Bureau of Municipal Research and thereby a most essential and most important factor in working out the destiny of the American city.





ADDENDA



ADDENDA

NEW YORK LAW—TAX-EXEMPTIONS — DWELLINGS

An Act to amend the tax law, in relation to extending the time for commencement of construction for the purpose of securing exemptions from local taxations of buildings planned for dwelling purposes, became a law March 27, 1922.

Section 1. Section four-b of chapter sixty-two of the laws of nineteen hundred and nine, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws," as added by chapter nine hundred and forty-nine of the laws of nineteen hundred and twenty and amended by chapter four hundred and forty-four of the laws of nineteen hundred and twenty-one, is hereby amended to read as follows:

4-b. Exemption of new buildings from local taxation. The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January first, nineteen hundred and thirty-two, new buildings therein, planned

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for dwelling purposes exclusively, except hotels, shall be exempt from taxation for local purposes other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was completed since April first, nineteen hundred and twenty, or, if not so completed, that construction be commenced before April first, nineteen hundred and twenty-three, and completion for occupancy be effected within two years after such commencement, or if in course of construction on September twenty-seventh, nineteen hundred and twenty, within two years thereafter. The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section, is hereby legalized, validated and confirmed. For the purposes of this section, construction shall be deemed commenced when the plans have been filed with the proper authorities and excavator or architect may file with the authority tion actually and in good faith begun. The

with whom the plans are filed a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section.

ILLINOIS ZONING LAW

An Act to confer certain additional powers upon city councils in cities and presidents and boards of trustees in villages and incorporated towns concerning buildings and structures, the intensity of use of lot areas, the classification of trades, industries, buildings, and structures, with respect to the location and regulation, the creation of districts of different classes and the establishment of regulations and restrictions applicable thereto.

Section 1. Be it enacted by the People of the State of Illinois, represented in the General Assembly; In addition to existing powers, and to the end that adequate light, pure air and safety

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from fire and other dangers may be secured, that the taxable value of land and buildings throughout the city, village or incorporated town, may be conserved, that congestion in the public streets may be lessened or avoided, and that the public health, safety, comfort, morals and welfare may otherwise be promoted, the city council in each city, and the president and board of trustees in each village and incorporated town shall have the following powers:

To regulate and limit the height and bulk of buildings hereafter to be erected; to regulate and limit the intensity of the use of lot areas, and to regulate and determine the area of open spaces, within and surrounding such buildings; to classify, regulate and restrict the location of trades and industries and the location of buildings designed for specified industrial business, residential and other uses; to divide the entire city, village or incorporated town into districts of such number, shape, area and of such different classes (according to use of land and buildings, height and bulk of buildings, intensity of the use of lot areas, area of open spaces, or other classification) as may be deemed best suited to carry out the purposes of this Act; to fix standards to which buildings or structures shall conform therein; to prohibit uses, buildings or structures incompatible with the character of such districts respectively; and to pre-

vent additions to and alteration or remodeling of existing buildings or structures in such a way as to avoid the restrictions and limitations lawfully imposed hereunder. In all ordinances passed under the authority of this Act, due allowance shall be made for existing conditions, the conservation of property values, the direction of building development to the best advantage of the entire city, village or incorporated town, and the uses to which property is devoted at the time of the enactment of any such ordinance. The powers by this Act given shall not be exercised so as to deprive the owner of any existing property of its use or maintenance for the purpose to which it is then lawfully devoted.

Sec. 2. The city council in cities and the president and board of trustees in villages and incorporated towns, which desire to exercise the powers conferred by this Act, shall provide for a zoning commission whose duty it shall be to recommend the boundaries of districts and appropriate regulations to be enforced therein, such commission to be appointed by the mayor or president of the board of trustees, subject to confirmation by the council or board of trustees. Such commission shall prepare a tentative report and a proposed zoning ordinance for the entire city, village or incorporated town. After the preparation of such tentative report and ordinance, the commission shall hold a hearing

thereon and shall afford persons interested an opportunity to be heard. Notice of such hearing shall be published at least 15 days in advance thereof in four conspicuous places in the city, village or incorporated town. The notice shall state the time and place of the hearing and the place where copies of the ordinance will be accessible for examination of interested parties. Such hearing may be adjourned from time to time.

Within thirty days after the final report of such hearing the commission shall make a final report and submit a proposed ordinance for the entire city, village or incorporated town to the city council or board of trustees, as the case may be. The city council or board of trustees may enact the ordinance as proposed or without change, or may refer it back to the commission for further consideration. The commission shall cease to exist upon the adoption of a zoning ordinance for the city, village or incorporated town.

Sec. 3. All ordinances passed under the terms of this Act shall be enforced by the mayor or officer of the city, village or incorporated town, or any officer who may be designated by ordinance. Each city, village or incorporated town exercising the powers conferred by this Act shall provide by ordinance for the creation of a board of appeals consisting of more than three members nor more than five

bers to be appointed in the same manner as the zoning commission. Such board of appeals shall have power: (a) Upon application to review the actions of the enforcing officer of the city, village or incorporated town in order to determine whether they are in accordance with the terms of ordinances enacted under the terms of this Act; (b) to recommend to the city council or board of trustees such ordinances or amendments as it may deem necessary or desirable, including power in specific cases of particular hardship to recommend variations of the original ordinance or amendments thereto. Variations from or amendments to ordinances enacted under the terms of this Act shall in all cases be made by ordinance.

Sec. 4. The regulations imposed and the districts created under the authority of this Act may be varied or amended from time to time by ordinance after the ordinance establishing same has gone into effect, but no such variations or amendments shall be made without a hearing before the board of appeals, which shall give notice and proceed in the same manner as is provided by Section 2 with respect to the zoning commission. Upon its report the city council or board of trustees may adopt the proposed variation or amendment, with or without change, or may refer it back to the board for further consideration. Any proposed varia-

tion or amendment which fails to receive the approval of the board of appeals shall not be passed except by the favorable vote of two-thirds of all the members of the city council in cities or of the members of the board of trustees in villages or incorporated towns. In case of written protest against any proposed variation or amendment, signed by the owners of 20 per cent of the frontage immediately adjoining or across an alley therefrom, or by the owners of 20 per cent of the frontage directly opposite the frontage, proposed to be altered as to such regulations or district, filed with the said board of appeals, or with the city council or board of trustees, such variation or amendment shall not be passed except by the favorable vote of two-thirds of all of the members of the city council in cities or of the members of the board of trustees in villages or incorporated towns.

Sec. 5. "An Act to confer certain additional powers upon city councils in cities and presidents and boards of trustees in villages concerning buildings, the intensity of use of lot areas, the classification of buildings, trades and industries with respect to location and regulation, the creation of residential, industrial, commercial and other districts, and the exclusion from and regulation within such districts of classes of buildings, trades and industries," approved June 28, 1919, in force July,

1919, is repealed. This repeal shall in no way affect the validity of steps taken or acts done under the Act so repealed. No acts done in compliance or supposed or attempted compliance with the Act so repealed shall be rendered void or of no effect because of omissions, defects or irregularities, if such acts are in compliance with the requirements of this act.

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